FILING STATEMENT

ABENTEUER RESOURCES CORP.

January 17, 2011

Neither the TSX Venture Exchange Inc. (the "Exchange") nor any securities regulatory authority has in any way passed on the merits of the Reverse Take-Over described in this Filing Statement

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GLOSSARY OF TERMS

In this Filing Statement, unless there is something in the subject matter inconsistent therewith, the following terms shall have the respective meanings set out below, words importing the singular number shall include the plural and vice versa.

"ABCA" means the *Business Corporations Act* (Alberta), as amended, superseded or replaced from time to time, prior to the Continuance Effective Date.

"ABU" or the **"Company"** means Abenteuer Resources Corp., a corporation continued under the laws of the Province of British Columbia.

"ABU Board" means the board of directors of ABU.

"**ABU Oil and Gas Assets**" means ABU's interests in certain oil and gas assets located in the West Kingsford area of south eastern Saskatchewan.

"ABU Optionholders" means holders of ABU Options.

"ABU Options" means the issued and outstanding options to purchase common shares in the capital of ABU pursuant to the Company's Incentive Stock Option Plan.

"ABU Shareholder" means a registered holder of ABU Shares, from time to time, and **"ABU Shareholders"** means all such holders.

"ABU Shares" means all of the issued and outstanding common shares in the capital of ABU.

"ABU Warrantholders" means holders of ABU Warrants.

"ABU Warrants" means the issued and outstanding warrants of ABU.

"Affiliate" means a company that is affiliated with another company as described below:

A company is an "Affiliate" of another company if:

(a) one of them is the subsidiary of the other, or

(b) each of them is controlled by the same Person.

A company is "controlled" by a Person if:

(a) voting securities of the company are held, other than by way of security only, by or for the benefit of that Person, and

(b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the company.

A Person beneficially owns securities that are beneficially owned by:

(a) a company controlled by that Person, or

(b) an Affiliate of that Person or an Affiliate of any company controlled by that Person.

"Agent" means Salman Partners Inc. as Agent to the Brokered Concurrent Financing pursuant to an agency agreement dated November 23, 2010.

“Arrangement” means an arrangement under sections 288 to 299 of the BCBCA on the terms and conditions set forth in the Arrangement Agreement and the Plan of Arrangement and any amendment or variation thereto made in accordance with the terms of the Arrangement Agreement, the Plan of Arrangement or made at the direction of the Court in the Final Order.

“Arrangement Agreement” means the arrangement agreement dated as of November 26, 2010 between SpinCo and ABU, as it may be amended from time to time.

“Arrangement Resulting Issuer” means SpinCo on a post-Arrangement basis.

“Arm’s Length Transaction” means a transaction which is not a Related Party Transaction pursuant to applicable Securities Legislation.

“Associate” when used to indicate a relationship with a Person, means

(a) an issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer,

(b) any partner of the Person,

(c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which a Person serves as trustee or in a similar capacity,

(d) in the case of a Person, who is an individual:

(i) that Person’s spouse or child, or

(ii) any relative of the Person or of his spouse who has the same residence as that Person;

(e) where the Exchange determines that two Persons shall, or shall not, be deemed to be associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D with respect to that Member firm, Member corporation or holding company.

“**Available Cash**” means that amount of cash, if any, held by ABU as of the Effective Date, less: (i) $1,250,000 and (ii) the aggregate amount of the estimated professional fees and other transaction costs associated with the completion of the Arrangement and the RTO and payable by ABU.

“Business Day” means a day which is not a Saturday, Sunday or a day when commercial banks are not open for business in Vancouver, British Columbia.

“BCBCA” means the *Business Corporations Act* (British Columbia), as amended, superseded or replaced from time to time.

“Brokered Concurrent Financing” means the brokered private placement of 14,000,000 Subscription Receipts at a price of $0.80 per Subscription Receipt, for gross proceeds of $11,200,000.

“Concurrent Financings” means, together, the Brokered Concurrent Financing and the Non-Brokered Concurrent Financing.

"Consideration Warrant" means warrants forming part of the ABU Consideration Units with each warrant entitling the holder thereof to acquire one RTO Resulting Issuer share on a Post-Consolidation basis for a period of 30 months following the Closing Date at an exercise price of $1.20 per ABU Share;

"**Continuance**" means the continuance of ABU out of the Province of Alberta under Section 189 of the ABCA and to continue ABU into the Province of British Columbia under the BCBCA.

"**Continuance Effective Date**" means December 31, 2010.

"Effective Date" means the day on which the conditions precedents set forth in the Arrangement Agreement and the Share Exchange Agreement are either satisfied or waived and, the Arrangement, the RTO and the Concurrent Financings are completed, or such other date as mutually agreed to by the parties to the Share Exchange Agreement, but in any event no later than February 28, 2011.

"Exchange" means the TSX Venture Exchange.

"Exchange Listing" means the listing of the SpinCo Shares for trading on the Exchange.

"Filing Statement" means this Filing Statement including all schedules hereto and all material incorporated by reference, delivered to ABU Shareholders.

"Final Order" means the final order of the Court made in connection with the approval of the Arrangement dated January 6, 2011.

"Finder" means Greg Karamanian, an individual residing in the Province of British Columbia, who acted as finder in connection with the Transaction.

"Finder's Units" means 880,000 units or the maximum number allowable pursuant to Exchange Policies, whichever is fewer, to be issued to the Finder on the Effective Date, each unit consisting of one RTO Resulting Issuer common share and one Finder's Warrant upon completion of the RTO in consideration for acting as finder in connection with the Transaction.

"Finder's Warrants" means the 880,000 common share purchase warrants or the maximum number allowable pursuant to Exchange Policies, whichever is fewer, to acquire shares in the capital of the RTO Resulting Issuer at the exercise price of $1.20 for a period of 30 months following the Effective Date, to be issued to the Finder upon completion of the RTO in consideration for acting as finder in connection with the Transaction.

"GAAP" means Canadian generally accepted accounting principles from time to time and which meet the standards established by the Canadian Institute of Chartered Accountants.

"Governmental Entities" means any (i) multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, Court, tribunal, arbitral body, commission, board, bureau or agency, including securities regulatory authorities, domestic or foreign, (ii) subdivision, agent, commission, board, or authority of any of the foregoing, or (iii) quasi governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing including the Exchange.

"IFRS" means International Financial Reporting Standards, as adopted by the European Union.

"Insider" if used in relation to an issuer, means:

(a) a director or senior officer of the issuer;

(b) a director or senior officer of the company that is an insider or subsidiary of the Issuer;

(c) a Person that beneficially owns or controls, directly or indirectly, Voting Shares carrying more than 10% of the voting rights attached to all outstanding Voting Shares of the Issuer; or

(d) the Issuer itself if it holds any of its own securities.

"Interim Order" means the interim order of the Court in respect of the Arrangement dated November 30, 2010, a copy of which is attached to the Meeting Materials.

"Law" means all statutes, regulations, statutory rules, policies, orders, and terms and conditions of any grant of approval, permission, authority or license of any Court, Governmental Entity, statutory body (including the Exchange) or self regulatory authority, and the term "applicable" with respect to such Law and in a context that refers to one or more persons, means that such Law applies to such person or persons or its or their business, undertaking, property or securities and emanates from a Governmental Entity, statutory body or regulatory authority having jurisdiction over the person or persons or its or their business, undertaking, property or securities.

"Listing Financing" means the private placement financing of subscription receipts, units or common shares in the capital of the Arrangement Resulting Issuer, as may be required to meet the capital requirements for Exchange Listing, to be closed concurrently with the Arrangement on the Effective Date;

"Management" means, collectively, the persons holding management positions with ABU, including officers of ABU.

"Meeting" means the annual general and special meeting of the ABU Shareholders (including any adjournment or postponement of that meeting) held on December 29, 2010 in accordance with the Interim Order, pursuant to which, among other things, the Continuance Resolution and Arrangement Resolution were approved.

"Meeting Materials" means, collectively, the notice of meeting, management information circular dated November 15, 2010, and form of proxy.

"Misrepresentation" has the meaning attributed to that term in the *Securities Act* (British Columbia).

"NI 43-101" means National Instrument 43-101- *Standards of Disclosure for Minerals Projects*.

"NI 51-101" means National Instrument 51-101 – *Standards of Disclosure of Oil and Gas Activities.*

"Non Arm's Length Party" means in relation to a company, a promoter, officer, director, other Insider or Control Person that that Company (including an issuer) and any Associates or Affiliates of any of such Person. In relation to an individual, means any Associate of the individual or any Company of which the individual is a promoter, officer, director, Insider or Control Person.

"Non-Brokered Concurrent Financing" means the non-brokered private placement of 1,000,000 Subscription Receipts at a price of $0.80 per Subscription Receipt, for gross proceeds of $800,000.

"Person" includes an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, a natural person in his capacity as trustee, executor, administrator, or other legal representative and the Crown or any agency or instrumentality thereof.

"Plan of Arrangement" means the plan of arrangement substantially in the form and content included in the Meeting Materials.

"Reverse Takeover or RTO" means a transaction or series of transactions, involving an acquisition by the issuer or of the issuer, and a securities issuance by an issuer that results in:

(a) new shareholders holding more than 50% of the outstanding voting securities of the issuer, and

(b) a Change of Control of the issuer. The Exchange may deem a transaction to have resulted in a Change of Control by aggregating the shares of a vendor group and/or incoming management group,

but does not include any transaction or series of transactions whereby the newly issued securities are to be issued to shareholders of an issuer listed on TSX or another senior exchange under a formal takeover bid made pursuant to Securities Legislation.

A transaction or series of transactions may include an acquisition of a business or assets, an amalgamation, arrangement or other reorganization.

Any securities issued pursuant to a private placement effected concurrently, contingent upon, or otherwise linked to a transaction or series of transactions, may be used in order to determine whether a transaction or series of transactions satisfies (a) and/or (b), above.

"RTO Resulting Issuer" means Abenteuer Resources Corp. on a post-Transaction basis, to be renamed Nile Gold Corp.

"RTO Units" means 25,000,000 units of the RTO Resulting Issuer, with each RTO Unit consisting of one RTO Resulting Issuer common share, on a Post-Consolidation basis, and one Consideration Warrant.

"Share Exchange Agreement" means the agreement dated November 26, 2010 entered into among ABU, SMW, and SMW Shareholders, pursuant to which the parties agreed to effect the Reverse Take-Over.

"Securities Legislation" means the *Securities Act* (British Columbia) and the equivalent Law in the other provinces of Canada and in the United States, and the published instruments and rules of any Governmental Entity administering those statutes, as well as the rules, regulations, by laws and policies of the Exchange.

"Share Distribution Record Date" means the date established by the ABU Board for the purpose of determining the ABU Shareholders entitled to receive SpinCo Shares under the Arrangement, which date is expected to be concurrent with the Effective Date.

"SMW" means SMW Gold Limited, a corporation incorporated under the laws of Cyprus.

"SMW Shares" means the common shares in the capital of SMW.

"SMW Shareholder" means a registered holder of SMW Shares, from time to time, and **"SMW Shareholders"** means all such holders.

"SpinCo" means Roughrider Energy Corp., a company incorporated under the laws of the Province of British Columbia and a wholly-owned subsidiary of ABU.

"SpinCo Shares" means the common shares in the capital of SpinCo.

“Subscription Receipts” means subscription receipts issued pursuant to the Concurrent Financings, each exercisable to acquire, at no additional cost and without any further action on the part of the holder thereof, one unit of the RTO Resulting Issuer.

“Tax Act” means the *Income Tax Act* (Canada), as amended.

“Transfer Agent” means Olympia Trust Company, having an address of 1900 Cathedral Place, 925 West Georgia Street, Vancouver, British Columbia V6C 3L2, acting as agent for ABU in respect of the Meeting.

“Units” means the 15,000,000 units convertible from Subscription Receipts to one common share of the RTO Resulting Issuer and one warrant entitling the holder to acquire one warrant share at a price of $1.20 per share for a period of 30 months from issuance.

SUMMARY

The following is a summary of information relating to ABU, SMW, and the RTO Resulting Issuer (assuming completion of the transactions outlined below) and should be read together with the more detailed information and financial data and statements contained elsewhere in this Filing Statement.

Purpose

The Purpose of this Filing Statement is to provide information with respect to the proposed Reverse Take-Over, under Exchange Policies, which forms part of a larger transaction involving an Arrangement with SpinCo and ABU Shareholders. ABU will seek the approval of its shareholders to the Reverse Take-Over as and by way of written consent resolution, based on a review of the matters contained in this Filing Statement. ABU Shareholder approval of the Arrangement and related matters was sought and approved at an annual general and special meeting of shareholders held on December 29, 2010.

Background to the Transaction

On September 22, 2010, ABU and SMW entered into a letter of intent (the "**LOI**") whereby the parties agreed that, among other things, and subject to certain conditions, the parties would complete a transaction whereby:

(a) Pursuant to a statutory plan of arrangement (the "**Arrangement**"), ABU will transfer all of its existing oil and gas assets and the Available Cash to SpinCo, its wholly owned subsidiary, in exchange for SpinCo Shares; ABU will consolidate all of the issued and outstanding ABU Shares on a two and a half old shares for one new share basis; and ABU will distribute all of the SpinCo Shares owned by it to ABU Shareholders on a *pro rata* basis;

(b) ABU will acquire 100% of the issued and outstanding shares of SMW, in consideration for the issuance by ABU of 25,000,000 RTO Units to the SMW Shareholders (the "**Reverse Take-Over**" or the "**RTO**"), each RTO Unit consisting of one RTO Resulting Issuer share, on a post-Consolidation basis, and one Consideration Warrant, each Consideration Warrant entitling the holder thereof to acquire one RTO Resulting Issuer Share for a period of 30 months following the Effective Date at an exercise price of $1.20 per ABU Share;

(c) The securities to be issued upon the conversion of the Subscription Receipts issued in connection with the Concurrent Financings will be issued immediately following the completion of the Reverse Take-Over; and

(d) Following the completion of the Arrangement, SpinCo will use its commercially reasonable best efforts to obtain a listing of the SpinCo Shares on the TSX Venture Exchange (the "**Exchange Listing**"), which may require completion on the Effective Date of a private placement financing of common shares or units of the Arrangement Resulting Issuer on the Effective Date, in order to meet the listing requirements of the Exchange (the "**Listing Financing**").

On November 4, 2010, pursuant to an engagement letter agreement, ABU engaged Salman Partners Inc. (the "**Agent**") to act as agent in accordance with Exchange Policies in respect of the Brokered Concurrent Financing of 14,000,000 Subscription Receipts. ABU closed the Brokered Concurrent Financing of Subscription Receipts on November 23, 2010, and the Non-Brokered Concurrent Financing of Subscription Receipts on November 30, 2010.

On November 15, 2010, ABU called and set the record date for its 2010 annual general and special meeting of ABU Shareholders to be held on December 29, 2010 (the "**Meeting**") to, among other things, seek ABU Shareholder approval of the Arrangement, as well as the continuance (the "**Continuance**") of ABU from Alberta into British Columbia under the BCBCA, a condition precedent to the completion of the Arrangement. On November 30, 2010, ABU obtained the Interim Order providing for the calling and holding of the Meeting and certain other procedural matters related to the Meeting. ABU mailed notice of the Meeting and management's information circular (the "**Meeting Materials**") to ABU Shareholders on December 2, 2010.

On November 24, 2010, ABU incorporated as its wholly-owned subsidiary, Roughrider Energy Corp. ("**SpinCo**") for the sole purpose of completing the Arrangement.

On November 26, 2010, pursuant to the LOI, ABU and SpinCo entered into an arrangement agreement (the "**Arrangement Agreement**") pursuant to which the parties agreed to complete the Arrangement, in accordance with the plan of arrangement (the "**Plan of Arrangement**") appended thereto. The completion of the Arrangement is conditional upon, among other things, shareholder approval of the Continuance, shareholder approval of the Arrangement, shareholder approval of the RTO, and conditional approval by the Exchange for listing of the common shares of the Arrangement Resulting Issuer for trading on the Exchange, which Exchange Listing may require completion of the Listing Financing.

Effective November 26, 2010, pursuant to the LOI, ABU and SMW and the SMW Shareholders entered into a share exchange agreement (the "**Share Exchange Agreement**") pursuant to which the parties agreed to complete the RTO whereby SMW will become a wholly-owned subsidiary of the RTO Resulting Issuer, (to be renamed "Nile Gold Corp." following the Effective Date) and SMW Shareholders will hold approximately 53% of the issued and outstanding share capital of the RTO Resulting Issuer, after giving effect to the Concurrent Financings. The completion of the RTO under the Share Exchange Agreement is conditional upon, among other things, completion of the Continuance, and completion of the Arrangement pursuant to the Arrangement Agreement.

On December 29, 2010, ABU Shareholders present at the Meeting in person and by proxy unanimously approved the Continuance and the Arrangement. Effective December 31, 2010, ABU was continued out of Alberta and into British Columbia.

On January 6, 2011, ABU obtained the Final Order of the Court approving the Arrangement pursuant to the Plan of Arrangement.

The Companies

Abenteuer Resources Corp.

Abenteuer Resources Corp. is a Canadian junior oil and gas company formed under the laws of the Province of British Columbia. Its head office is located at Suite 900 – 555 Burrard Street, Vancouver, BC V7X 1M8. ABU is engaged primarily in exploration for, and production of, petroleum and natural gas reserves in the Western Canadian Sedimentary Basin, located primarily in the West Kingsford area of Saskatchewan.

ABU Shares are currently listed for trading on the TSX Venture Exchange under the symbol "ABU". On September 22, 2010, the date immediately preceding the announcement of the Transaction, the closing price for the common shares of ABU was $0.35. On request by ABU, trading of ABU Shares was halted on September 23, 2010, pending the announcement of the Transaction, and will remain halted until completion of the Transaction.

See Schedule "A" – *"Information Concerning Abenteuer Resources Corp."*

SpinCo

SpinCo is a wholly-owned subsidiary of ABU and was incorporated on November 24, 2010, pursuant to the provisions of the BCBCA for the sole purpose of completing the Arrangement. SpinCo has no subsidiaries and no assets. Since incorporation, it has carried on no business other than in connection with the Arrangement and as otherwise described in this Filing Statement. The registered and records office is located at Suite 2610, 1066 West Hastings Street, Vancouver, British Columbia, V6E 3X1. The board of directors of SpinCo is comprised of J. Lewis Dillman, Sean McGrath, David Parry, and Stephen Polakoff.

Arrangement Resulting Issuer – Roughrider Energy Corp.

SpinCo, holding the current oil and gas assets of ABU, will be the Arrangement Resulting Issuer. Information concerning the Arrangement Resulting Issuer was provided to ABU Shareholders in the Meeting Materials.

SMW Gold Limited

SMW Gold Limited is a junior exploration and mining company incorporated on October 15, 2007, pursuant to the laws of Cyprus. Its registered office is located at 12 Kennedy Avenue, Kennedy Business Center, 2nd Floor, Office 203, 1087 Nicosia, Cyprus, and its head office is located at Prospect Mira, 7, bld. 2 129090, Moscow, Russia. The principal shareholder of SMW is Magnesium Metals Ltd., a company incorporated under the laws of Cyprus. The principal assets of SMW are the Um Balad Property and the El Fawakhir Property located in in Egypt. Upon completion of the RTO, SMW will be a wholly owned subsidiary of the RTO Resulting Issuer.

SMW is a "private issuer" as such term is defined in the National Instrument 45-102 "*Resale of Securities*". No public market currently exists for the securities of SMW.

See Schedule "B" – "*Information Concerning SMW Gold Limited*".

RTO Resulting Issuer – Nile Gold Corp.

ABU, upon completion of the RTO and the Arrangement and holding the Um Balad Property and the El Fawakhir Property through its wholly-owned subsidiary, SMW, will be the RTO Resulting Issuer. It is intended that the RTO Resulting Issuer be renamed "Nile Gold Corp." following completion of the RTO.

See Schedule "C" – *"Information Concerning the RTO Reuslting Issuer – Nile Gold Corp."*

The Transaction

The Continuance

It is a condition precedent to the completion of the Transaction that the Continuance be approved by ABU Shareholders at the Meeting. On December 29, 2010, ABU Shareholders present at the Meeting in person and by proxy unanimously approved the Continuance and the Arrangement. Effective December 31, 2010, ABU was continued out of Alberta and into British Columbia.

The Arrangement

Pursuant to the Arrangement Agreement and the Plan of Arrangement, the ABU Board is proposing to transfer the ABU Oil and Gas Assets, and the Available Cash, to SpinCo, in exchange for that number of SpinCo Shares that is equal to one less than half of all of the issued and outstanding shares of ABU as of the Share Distribution Record Date, and distribute, on the Effective Date, all of the SpinCo Shares to the ABU Shareholders on a *pro rata* basis.

Upon the Arrangement becoming effective:

1. SpinCo will cease to be a wholly owned subsidiary of ABU;

2. ABU Shares will be consolidated on a two and one half old for one new share basis;

3. ABU Shareholders will hold as a group that number of SpinCo Shares equal to approximately 1.25 ABU Shares on a post-Consolidation basis;

4. SpinCo will focus its business on the exploration and development of the ABU Oil and Gas Assets; and

5. SpinCo will apply to have its common shares listed for trading on the Exchange.

Completion of the Arrangement is subject to a number of conditions, including ABU Shareholder approval at the Meeting, and Court approval under the BCBCA. The ABU Shareholders present in person and by proxy at the Meeting unanimously approved the Arrangement, and the Final Order was issued from the Court approving the Arrangement and Plan of Arrangement on January 6, 2011.

The Reverse Take-Over

Pursuant to the Share Exchange Agreement, ABU will issue to SMW Shareholders 25,000,000 RTO Units of ABU on a *pro rata* basis in exchange for all of the issued and outstanding common shares of SMW. As a result of the RTO becoming effective:

1. SMW will become a wholly-owned subsidiary of the RTO Resulting Issuer;

2. The SMW Shareholders will hold approximately 53% of the issued and outstanding capital of the RTO Resulting Issuer; and

3. The RTO Resulting Issuer will be a junior mining company holding 100% interest in SMW's gold assets in Egypt.

Completion of the RTO is subject to a number of conditions, including completion of the Continuance, the Arrangement, and the Concurrent Financings. See "*The Reverse Take-Over*".

<u>The Share Exchange Agreement</u>

The Share Exchange Agreement provides for the exchange of all of the issued and outstanding shares of SMW for 25,000,000 RTO Units at a deemed price of $0.80 per RTO Unit.

Each RTO Unit will consist of one RTO Resulting Issuer common share and one RTO Resulting Issuer warrant entitling the holder thereof to acquire one RTO Resulting Issuer common share for a period of 30 months following the Effective Date at an exercise price of $1.20 per RTO Resulting Issuer common share.

The RTO Units to be issued to SMW Shareholders will be subject to escrow provisions which shall be imposed pursuant to policies of the Exchange.

Termination and Non-Solicitation

Prior to the Effective Date, the Share Exchange Agreement may be terminated (i) by mutual consent of ABU and SMW, (ii) by either ABU or SMW if any of the conditions contained within the Share Exchange Agreement are not consummated by February 28, 2011 or such other date as may be agreed to by ABU or SMW, or (iii) by the non-soliciting party, if ABU, SMW (or their directors and officers) or the SMW Shareholders solicit an acquisition proposal similar to the transaction contemplated within the Share Exchange Agreement, from a third party.

If the Share Exchange Agreement is terminated pursuant to item (iii) above, the soliciting party will pay to the other a break fee in the amount of 1% of the value of the RTO Units to be issued on the Effective Date.

Shareholder Approval

It is a condition to the completion of the RTO that the Continuance and the Arrangement be approved by the ABU Shareholders at the Meeting.

Concurrent Financings

Pursuant to an agency agreement dated November 23, 2010, the Agent acted as agent in respect of the Brokered Concurrent Financing of 14,000,000 Subscription Receipts at a price of $0.80 per Subscription Receipt for gross proceeds of $11,200,000. ABU also undertook a Non-Brokered Concurrent Financing of 1,000,000 Subscription Receipts for gross proceeds of $800,000. Each Subscription Receipt will be exercisable to acquire upon the satisfaction of certain terms and conditions and without any action on the part of the holder, one unit ("**Unit**") of the RTO Resulting Issuer. The Brokered Concurrent financing closed into escrow on November 23, 2010, and the Non-Brokered Concurrent Financing closed into escrow on November 30, 2010.

Upon conversion, each Unit will consist of one common share of the RTO Resulting Issuer and one common share purchase warrant. Each warrant will entitle the holder to acquire one warrant share at a price of $1.20 per share for a period of 30 months from issuance. If at any time after twelve months and one day after the closing date of the Concurrent Financings, the daily volume-weighted average price of ABU Shares on the TSX Venture Exchange (or such other stock exchange or quotation system on which the majority of ABU Shares trade) is $2.40 or higher for a period of 20 consecutive trading days, ABU may, within 20 days of any such event, provide written notice to warrantholders of early expiry and thereafter, the warrants will expire on the date that is 30 days after the date of the notice to warrantholders.

Benefits of the Transaction

The ABU Board believes that the ABU Shareholders will benefit as a result of becoming shareholders of SpinCo under the Arrangement and the acquisition of SMW as a result of the following, among other benefits:

(a) ownership positions in two publicly traded companies, subject to the ability of SpinCo to list the SpinCo Shares on the Exchange;

(b) an opportunity to selectively finance and develop various mineral and oil and gas properties held through separate entities; and

(c) access to gold exploration properties in Egypt and diversification of investment outside of Canada.

The ABU Board has unanimously determined that the Transaction is fair to ABU and ABU Shareholders.

Interests of Insiders

Upon completion of the Transaction, 6,000,000 stock options will be issued from the RTO Resulting Issuer's Incentive Stock Option Plan, provided the New Option Plan is approved by ABU Shareholders at the Meeting, to certain directors and officers, members of the advisory board and consultants of the RTO Resulting Issuer. These stock options will expire on the earlier of: (i) three years from the date of grant and (ii) the date the holder ceases to be a director, senior officer of, or otherwise employed by the RTO Resulting Issuer or its subsidiaries. See "*Share Exchange Agreement*".

Selected Pro Forma Consolidated Financial Information of the RTO Resulting Issuer

RTO Resulting Issuer

See Schedule "E" – "*Pro Forma Financial Statements of the RTO Resulting Issuer – Nile Gold Corp.*"

Agent

Pursuant to the Agency Agreement, ABU engaged the Agent to act as agent in connection with the Brokered Concurrent Financing in accordance with the policies of the Exchange. ABU will pay to the Agent, a cash commission equal to $520,000. In addition, the Agent, will receive 650,000 Agent's Special Compensation Options.

To the knowledge of ABU, the Agent has no beneficial ownership, direct or indirect, in the securities of either of ABU or SMW or their Associates and Affiliates.

Interest of Experts

The audited financial statements of ABU have been incorporated by reference in this Filing Statement with the consent of PricewaterhouseCoopers LLP, Chartered Accountants, of Vancouver. PricewaterhouseCoopers LLP reports that they are independent of ABU in accordance with the rules of professional conduct of the Institute of Chartered Accountants of British Columbia.

The audited financial statements of SMW have been included in this Filing Statement with the consent of AuditLine Ltd., Chartered Accountants of Nicosia, Cyprus. AuditLine Ltd. reports that they are independent of SMW in accordance with the rules of professional conduct of the Institute of Certified Public Accountants in Cyprus ("ICPAC").

Conflict of Interest

There are potential conflicts of interest to which the directors, officers, Insiders, promoters and Control Persons of the RTO Resulting Issuer may be subject in connection with the operations of the RTO Resulting Issuer. All of the directors, officers, Insiders and promoters are engaged in and will continue to be engaged in corporations or businesses which may be in competition with the business of the RTO Resulting Issuer. Accordingly, situations may arise where the directors, officers, Insiders and promoters will be in direct competition with the RTO Resulting Issuer. Conflicts, if any, will be subject to the procedures and remedies as provided under applicable regulatory agencies. See also *"Risk Factors"*.

Risk Factors

The current business of SMW will be the business of the RTO Resulting Issuer on completion of the Transaction. Due to the nature of the business, the legal and economic climate in which SMW operates, and the present stage of development the business of SMW, the RTO Resulting Issuer may be subject to significant risks. Future operations of the RTO Resulting Issuer would be subject to all of the risks normally incidental to the mineral exploration and development industry which could result in personal injuries, loss of life and damage to the property of the RTO Resulting Issuer, and others. The marketability and price of minerals or precious metals that may be acquired or discovered by the RTO Resulting Issuer will be affected by numerous factors beyond the control of the RTO Resulting Issuer. The RTO Resulting Issuer will be subject to market fluctuations in the prices of minerals and precious metals, and extensive government regulations. The minerals exploration and development is intensely competitive and the RTO Resulting Issuer must compete in all aspects of its operations with a number of other entities that may have great or technical ability or financial resources or both. The RTO Resulting Issuer's future development and actual operating results may be very different from those expected as at the date of this Filing Statement. There can be no certainty that the RTO Resulting Issuer will be able to implement successfully the strategies set out in this Filing Statement. No representation is or can be made as to the future performance of the RTO Resulting Issuer and there can be no assurance that the RTO Resulting Issuer will achieve its objectives. Accordingly, readers should carefully consider the risk factors contained herein under "*Risk Factors*" for full details of these risks.

The Exchange has conditionally accepted the Transaction subject to ABU fulfilling all of the requirements of the Exchange.

CURRENCY

All references to dollars in this Circular refer to Canadian dollars, unless otherwise indicated.

FORWARD LOOKING STATEMENTS

Certain statements contained in this Filing Statement constitute "forward-looking information" within the meaning of applicable Canadian securities legislation. The use of any of the words "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "goal", "predict", "potential", "should", "believe" and similar expressions are intended to identify forward-looking information and statements. The information and statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information and statements. Such statements reflect ABU and SMW's current views with respect to certain events, and are subject to certain risks, uncertainties and assumptions. Many factors could cause ABU, SMW, or the RTO Resulting Issuer's actual results, performance, or achievements to vary from those described in this Filing Statement. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this Filing Statement as intended, planned, anticipated, believed, estimated, or expected. Potential risks or uncertainties that could affect the RTO Resulting Issuer's future operating results include, among others, uncertainties regarding implementation of the RTO Resulting Issuer's business strategies and plans and changes in the regulatory environment affecting the RTO Resulting Issuer, as applicable. These factors are not intended to represent a complete list of the factors that could affect ABU, SMW or the RTO Resulting Issuer. Additional factors are discussed or referenced in the "*Risk Factors*" section.

The reader is further cautioned that the preparation of financial statements in accordance with Canadian GAAP or IFRS, as applicable, requires management to make certain judgments and estimates that affect the reported amounts of assets, liabilities, revenues and expenses. Estimating reserves is also critical to several accounting estimates and requires judgments and decisions based on available geological, geophysical, engineering and economic data. These estimates may change, having either a negative or positive effect as further information becomes available, and as the economic environment changes. Furthermore, statements relating to "reserves" or "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the resources and reserves described can be profitable in the future.

Since actual results or outcomes could differ materially from those expressed in any forward-looking statements, investors should not place undue reliance on any such forward-looking statements. Readers are cautioned that the foregoing lists of factors are not exhaustive. Further, any forward-looking statement is made only as of a certain date, and neither ABU nor SMW undertakes any obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events, except as required by applicable securities laws.

With respect to the forward-looking statements contained herein, ABU and SMW have made assumptions with respect to and regarding, among other things: no material disruption in production; no material variations in anticipated hydrocarbon sales volumes; future oil and gas and mineral prices and cost of products sold; ability to obtain required capital to finance exploration, development and operations; ability to obtain drilling or exploration success consistent with expectations; no material variations in the current tax and regulatory environments and the ability to obtain equipment, services, supplies and personnel in a timely manner to carry out its activities. Forward-looking statements and other information contained herein concerning the oil and gas or the mineral exploration and development industry and ABU and SMW's general expectations concerning these industies are based on estimates prepared by management using data from publicly available industry sources as well as from reserve reports, market research and industry analysis and on assumptions based on data and knowledge of this industry which ABU and SMW believe to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While neither ABU nor SMW is aware of any misstatements regarding any industry data presented herein, the industry involves risks and uncertainties and is subject to change based on various factors.

NOTE TO UNITED STATES SHAREHOLDERS

Financial statements included herein have been prepared in accordance with GAAP or IFRS, as applicable, and are subject to auditing and auditor independence standards in Canada and Cyprus and thus may not be comparable to financial statements of United States companies.

The enforcement by investors of civil liabilities under the United States federal securities laws may be affected adversely by the fact that ABU and SMW are incorporated or organized under the laws of a foreign country, that some or all of their officers and directors and the experts named herein may be residents of a foreign country, and that all or a substantial portion of the assets of ABU and SMW and those persons may be located outside the United States.

RISK FACTORS

Following the RTO, the business of the RTO Resulting Issuer will be that of SMW which is exploration and development of its mineral properties. Shares of the RTO Resulting Issuer will be a risky and speculative investment. The following risk factors are considered material to SMW and therefore to the RTO Resulting Issuer.

Transaction Risks

In evaluating the Transaction, you should carefully consider, in addition to the other information contained in this Filing Statement, the risks and uncertainties described below before deciding to consent to the Reverse Take-Over. While this Filing Statement has described risks and uncertainties that Management and management of SMW believe to be material, it is possible that other risks and uncertainties affecting the business of the RTO Resulting Issuer will arise or be material in the future.

If the RTO Resulting Issuer is unable to effectively address these and other potential risks and uncertainties following a successful completion of the Continuance, the RTO, and the Concurrent Financings, the business, financial condition or results of operations of the RTO Resulting could be materially and adversely affected.

The Transaction May Not Be Completed

The completion of the Transaction is subject to a number of conditions precedent, certain of which are outside the control of ABU, including ABU Shareholders approving the RTO. There is no certainty, nor can ABU provide any assurance, that these conditions will be satisfied.

Possible Failure to Realize Anticipated Benefits of the Transaction

ABU proposed the Transaction in order to achieve the benefits set forth in "The Transaction – Benefits of the Transaction". There can be no assurance, however that the anticipated benefits of the Transaction will materialize. It is possible that the risks and uncertainties described in this Filing Statement will arise and become material to such an extent that some or all of the anticipated benefits of the Transaction never materialize or are nullified.

The Business of the RTO Resulting Issuer

If the Transaction is completed, ABU Shareholders will indirectly hold an interest in the business of SMW. There are numerous risks associated with this business. See *"Risk Factors relating to SMW and the RTO Resulting Issuer"*.

Risk Factors Relating to SMW and the RTO Resulting Issuer

Exploration and Mining Risks

The RTO Resulting Issuer will be engaged in mineral exploration, resource identification and development activities. Mineral exploration and development involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. The long-term profitability of the RTO Resulting Issuer's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors beyond their control.

Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the RTO Resulting Issuer will have a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of gold, silver and other metals, any of which could result in work stoppages, damage to property, and possible environmental damage.

Hazards such as unusual or unexpected formations and other conditions such as formation pressures, fire, power outages, labour disruptions, flooding, explorations, cave-ins, landslides and the inability to obtain suitable machinery, equipment or labour are involved in mineral exploration, development and operation. The RTO Resulting Issuer may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. The payment of such liabilities may have a material, adverse effect on the RTO Resulting Issuer's financial position.

The RTO Resulting Issuer will or will continue to rely upon consultants and others for exploration and development expertise. Substantial expenditures are required to establish ore reserves through drilling, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. The economics of developing gold, copper and other mineral properties is affected by many factors including the cost of operations, variations in the grade of ore mined, fluctuations in metal markets, allowable production, importing and exporting of minerals and environmental protection. The remoteness and restrictions on access of certain areas of the properties in which the RTO Resulting Issuer will have an interest will have an adverse effect on profitability in that infrastructure costs will be higher.

Foreign Political Risk

SMW's mineral properties are located in Egypt, and, as such, the RTO Resulting Issuer's business will be exposed to various degrees of political, economic and other risks and uncertainties. The RTO Resulting Issuer's operations and investments may be affected by local political and economic developments, including expropriation, nationalization, invalidation of government orders, permits or agreements pertaining to property rights, political unrest, labour disputes, limitations on repatriation of earnings, limitations on mineral exports, limitations on foreign ownership, inability to obtain or delays in obtaining necessary mining permits, opposition to mining from local, environmental or other non-governmental organizations, government participation, royalties, duties, rates of exchange, high rates of inflation, price controls, exchange controls, currency fluctuations, taxation and changes in laws, regulations or policies as well as by laws and policies of Canada affecting foreign trade, investment and taxation. See *"Information Regarding the RTO Resulting Issuer – Mining Business in Egypt"*.

History of Losses

SMW has a history of losses and anticipates that it will continue to incur losses for the foreseeable future. SMW has historically incurred losses as evidenced by the SMW Financial Statements attached as Schedule "D" hereto.

Financing Risks, Dilution

The RTO Resulting Issuer will be limited both in financial resources and sources of operating cash flow and there is no assurance that additional funding will be available for exploration or further exploration and development of projects or to fulfill their obligations under any applicable agreements. There can be no assurance that the RTO Resulting Issuer will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties. The RTO Resulting Issuer may have to issue additional securities including, but not limited to common shares, or some form of convertible security, the effect of which will result in a dilution of the equity interest of any existing shareholders.

Uninsurable Risks

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and the RTO Resulting Issuer may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the RTO Resulting Issuer.

Uncertainty of Title

Although SMW conducts title reviews prior to acquiring an interest in a concession, such reviews do not guarantee or certify that an unforeseen defect in the chain of title will not arise that may call into question the RTO Resulting Issuer's interest in the concession. Any uncertainty with respect to one or more of the RTO Resulting Issuer's concession interests could have a material adverse effect on the RTO Resulting Issuer's business, prospects and results of operations.

Permits and Licenses

The operations of the RTO Resulting Issuer may require licenses and permits from various governmental authorities. There can be no assurance that such licenses and permits as may be required to carry out exploration, development and mining operations at its projects will be granted.

Environmental Regulations

The RTO Resulting Issuer's operations may be subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the RTO Resulting Issuer's operations. The RTO Resulting Issuer intends to fully comply with all environmental regulations.

Fluctuating Price and Currency

The RTO Resulting Issuer's revenues, if any, are expected to be in large part derived from the mining, processing and sale of its mineral resources. The price of those metals has fluctuated widely, particularly in recent years, and is affected by numerous factors beyond the RTO Resulting Issuer's control, including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, speculative activities and increased production due to new mine developments and improved mining and production methods. The effect of these factors on the price of base and precious metals and therefore the economic viability of any of the RTO Resulting Issuer's exploration projects cannot be accurately predicted.

The RTO Resulting Issuer raises the majority of its equity financings in Canadian dollars while its operations are predominately conducted in U.S. dollars and Egyptian Pounds. Fluctuations in the exchange rates between the Canadian dollar, the Egyptian Pound, and US dollars may impact the RTO Resulting Issuer's financial condition.

Markets for Securities, Possible Volatility of Share Price

There can be no assurance that an active trading market in the common shares of the RTO Resulting Issuer will be sustained. The market price for and liquidity of the RTO Resulting Issuer's common shares could be subject to wide fluctuations in response to operating results, the gain or loss of significant contracts, announcements of technological development or new products by the RTO Resulting Issuer and its competitors, changes in income estimates by analysts and market conditions in the industry, as well as general economic conditions or other risk factors set out herein. In addition, stock markets have experienced volatility that has affected the market prices for many companies' stock and that often has been unrelated to the operating performance of such companies. These market fluctuations may adversely affect the market price of the RTO Resulting Issuer's common shares.

Reliance on Key Individuals

The RTO Resulting Issuer's success will depend to a certain degree upon certain key members of management. These key members of management will be a significant factor in the RTO Resulting Issuer's growth and success. The loss of the service of members of the management and certain key employees could have a material adverse effect on the RTO Resulting Issuer.

Competition

The mineral industry is intensely competitive in all its phases. The RTO Resulting Issuer must compete with many companies possessing greater financial resources and technical facilities for the acquisition of mineral concessions, claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees.

In addition, there is no assurance that even if commercial quantities of ore are discovered, a ready market will exist for their sale. Factors beyond the control of the RTO Resulting Issuer may affect the marketability of any substances discovered. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the RTO Resulting Issuer not receiving an adequate return on invested capital or losing their investment capital.

Stage of Development

The RTO Resulting Issuer will be in the business of exploring for, with the ultimate goal of producing, precious and base metals from their mineral exploration properties. None of the RTO Resulting Issuer's mineral properties have commenced commercial production and the Resulting Issuer has no history of earnings or cash flow from their operations. As a result of the foregoing, there can be no assurance that the RTO Resulting Issuer will be able to develop any of their properties profitably or that either of their activities will generate positive cash flow. The RTO Resulting Issuer is unlikely to enjoy earnings or pay dividends in the immediate or foreseeable future. The RTO Resulting Issuer will have limited cash and other assets. Investors in the RTO Resulting Issuer must be prepared to rely solely upon the ability, expertise, judgment, discretion, integrity and good faith of management in all aspects of the development and implementation of the Resulting Issuer's business activities.

Conflicts of Interest

Certain of the proposed directors of the RTO Resulting Issuer are also directors, officers or shareholders of other companies that are engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. Such a conflict poses the risk that the RTO Resulting Issuer may enter into a transaction on terms which place the RTO Resulting Issuer in a worse position than if no conflict existed. The directors are required by law to act honestly and in good faith with a view to the best interest of the RTO Resulting Issuer and to disclose any interest which they may have in any project or opportunity of the RTO Resulting Issuer, as applicable. However, each director has similar obligations to other companies for which such director serves as an officer or director. As of the date of this Circular, no material conflicts of interest have arisen.

If a conflict of interest arises at a meeting of the board of directors of the RTO Resulting Issuer, any director in a conflict will disclose his or her interest and abstain from voting on such matter, in determining whether or not the RTO Resulting Issuer will participate in any project or opportunity, the respective board of directors will primarily consider the degree of risk to which the RTO Resulting Issuer may be exposed and its particular financial position at that time.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents are incorporated by reference and form part of this Filing Statement. Copies of these documents may be obtained by accessing the SEDAR website at www.sedar.com under the profile of ABU. In addition, copies of the following documents may also be obtained on request without charge from ABU's Corporate Secretary at 604 893-7011:

(a) the unaudited interim financial statements of ABU as at and for the nine-months ended September 30, 2010, together with the notes thereto, and filed on SEDAR on November 29, 2010;

(b) management’s discussion and analysis of financial condition and results of operations of ABUfor the nine-months ended September 30, 2010, and filed on SEDAR on November 29, 2010;

(c) the audited consolidated financial statements of ABU as at and for the years ended December 31, 2009 and December 31, 2008, together with the notes thereto and the auditor's report thereon, and filed on SEDAR on April 30, 2010;

(d) management's discussion and analysis of financial condition and results of operations of ABU for the years ended December 31, 2009 and December 31, 2008 and filed on SEDAR on April 30, 2010; and

(e) the audited consolidated financial statements of ABU as at and for the years ended December 31, 2008 and December 31, 2007, together with the notes thereto and the auditor’s report thereon, and filed on SEDAR on April 28, 2009;

(f) management's discussion and analysis of financial condition and results of operations of ABU for the years ended December 31, 2008 and December 31, 2007 and filed on SEDAR on April 28, 2009; and

(g) the Form 51-101F1 Report on Reserves Data and Other Oil and Gas Information filed on SEDAR on April 30, 2010.

THE TRANSACTION

Background to the Transaction

On September 22, 2010, ABU and SMW Gold Limited (“**SMW**”) entered into a letter of intent whereby the parties agreed that, among other things, and subject to certain conditions, the parties would complete a transaction whereby:

(a) Pursuant to a statutory plan of arrangement, ABU will transfer the ABU Oil and Gas Assets and the Available Cash to SpinCo, its wholly owned subsidiary, in exchange for SpinCo Shares; ABU will consolidate all of the issued and outstanding ABU Shares on a two and a half old shares for one new share basis; and ABU will distribute all of the SpinCo Shares owned by it to ABU Shareholders on a *pro rata* basis;

(b) ABU will acquire 100% of the issued and outstanding shares of SMW, in consideration for the issuance by ABU of 25,000,000 RTO Units to the SMW Shareholders, each RTO Unit consisting of each one ABU Share, on a post-Consolidation basis, and one Consideration Warrant, each Consideration Warrant entitling the holder thereof to acquire one ABU Share on a post-Consolidation basis for a period of 30 months following the Effective Date at an exercise price of $1.20 per ABU Share;

(c) The RTO Resulting Issuer will complete a private placement of Subscription Receipts convertible into Units of the RTO Resulting Issuer immediately following the completion of the Reverse Take-Over; and

(d) Following the completion of the Arrangement, SpinCo will use its commercially reasonable best efforts to obtain a listing of the SpinCo Shares on the TSX Venture Exchange, which may require completion on the Effective Date of a private placement financing of subscription receipts convertible into common shares or units of the Arrangement Resulting Issuer on the Effective Date, in order to meet the listing requirements of the Exchange.

On November 4, 2010, pursuant to an engagement letter agreement, ABU engaged Salman Partners Inc. to act as agent in accordance with Exchange Policies in respect of the Brokered Concurrent Financing of 14,000,000 Subscription Receipts. On November 23, 2010, the Brokered Concurrent Financing of Subscription Receipts closed in escrow, and the Non-Brokered Concurrent Financing of Subscription Receipts closed in escrow on November 30, 2010. See "Concurrent Financings".

On November 15, 2010, ABU called and set the record date for the Meeting to, among other things, seek ABU Shareholder approval of the Arrangement, as well as the Continuance of ABU from Alberta into British Columbia under the BCBCA, a condition precedent to the completion of the Arrangement. On November 30, 2010, ABU obtained the Interim Order providing for the calling and holding of the Meeting and certain other procedural matters related to the Meeting. ABU mailed the Meeting Materials to ABU Shareholders on December 2, 2010.

On November 24, 2010, ABU incorporated Roughrider Energy Corp. as its wholly-owned subsidiary for the sole purpose of completing the Arrangement.

On November 26, 2010, pursuant to the LOI, ABU and SpinCo entered into the Arrangement Agreement pursuant to which the parties agreed to complete the Arrangement, in accordance with the Plan of Arrangement appended thereto, whereby ABU will consolidate the ABU Shares on a 2.5 old for 1 new basis, will transfer the ABU Oil and Gas Assets and the Available Cash to SpinCo in exchange for the issuance to ABU by SpinCo of that number of SpinCo Shares equal to one less than one half of the issued and outstanding ABU Shares as of the Share Distribution Record Date, and ABU will distribute all of the issued and outstanding SpinCo Shares to ABU Shareholders on a *pro rata* basis. The completion of the Arrangement is conditional upon, among other things, shareholder approval of the Continuance, shareholder approval of the Arrangement, and conditional approval by the Exchange for listing of the common shares of the Arrangement Resulting Issuer for trading on the Exchange, which Exchange Listing may require completion of the Listing Financing.

Effective November 26, 2010, pursuant to the LOI, ABU and SMW and the SMW Shareholders entered into the Share Exchange Agreement pursuant to which the parties agreed to complete the RTO whereby SMW will become a wholly-owned subsidiary of the RTO Resulting Issuer, (to be renamed "Nile Gold Corp." following the Effective Date) and SMW Shareholders will hold approximately 53% of the issued and outstanding capital of the RTO Resulting Issuer, after giving effect to the Concurrent Financings. The completion of the RTO under the Share Exchange Agreement is conditional upon, among other things, completion of the Arrangement pursuant to the Arrangement Agreement.

On December 29, 2010, ABU Shareholders present at the Meeting in person and by proxy unanimously approved the Continuance and the Arrangement. Effective December 31, 2010, ABU was continued out of Alberta and into British Columbia.

On January 6, 2011, ABU obtained the Final Order of the Court approving the Arrangement pursuant to the Plan of Arrangement.

Benefits of the Transaction and Approval and Recommendation of the ABU Board

Benefits of the Transaction

The ABU Board believes that the ABU Shareholders will benefit as a result of the Transaction through providing them with the following, among other benefits:

(a) ownership positions in two publicly traded companies, subject to the ability of SpinCo to list the SpinCo Shares on the Exchange;

(b) an opportunity to selectively finance and develop various gold and oil and gas properties held through separate entities;

   (i) the RTO Resulting Issuer, which, through the acquisition of SMW, will hold interests in gold exploration properties located in Egypt; and

   (ii) the Arrangement Resulting Issuer, which, through the spin out of ABU's oil and gas assets, will hold ownership of all of ABU's current assets and properties; and

(c) access to gold exploration properties in Egypt and diversification of investment outside of Canada.

Approval and Recommendation of the ABU Board

The ABU Board approved the RTO and unanimously recommended and authorized the submission of the RTO to ABU Shareholders for approval by way of written consent resolution of ABU Shareholders, pursuant to this Filing Statement.

In reaching its conclusion, the ABU Board considered the benefits to ABU and the ABU Shareholders as well as the financial position, opportunities and the outlook for each of the Arrangement Resulting Issuer and the RTO Resulting Issuer. In addition to the matters discussed under "*Benefits of the Transaction*", the ABU Board considered the following:

(a) the procedures by which the Arrangement will be approved, including the requirement for the approval by a 66⅔% majority of votes cast at the Meeting of the Continuance Resolution, and Arrangement Resolution, and thereafter majority approval ABU Shareholder approval of the RTO, and the approval of the Court after a hearing at which the fairness of the Arrangement to the ABU Shareholders will be considered;

(b) the proposed listing of SpinCo Shares on the Exchange;

(c) the structuring of the Arrangement such that all ABU Shareholders will be treated equally; and

(d) the relatively low transaction risk to ABU and ABU Shareholders in that the Transaction, including the Continuance, the Arrangement and the acquisition of SMW pursuant to the RTO, will not complete unless the ABU Shareholders approve all of the Continuance, the Arrangement Resolution at the Meeting, and the RTO thereafter.

The Continuance

At the Meeting, ABU Shareholders were asked to approve the Continuance of ABU under the *Business Corporations Act* (British Columbia) (the "**BCBCA**"). ABU was organized under the *Business Corporations Act* (Alberta) (the "**ABCA**"). To facilitate the Arrangement under the BCBCA, the ABU Board proposed to continue ABU from Alberta into British Columbia under the BCBCA. See " *The Arrangement"*. The Continuance was unanimously approved by ABU Shareholders present in person or by proxy at the Meeting, and the Continuance became effective on December 31, 2010 (the "**Continuance Effective Date**").

The head office of ABU is currently located at Suite 900 – 555 Burrard Street, Vancouver, British Columbia, V7X 1M8. ABU Shareholders continue to hold one ABU Share for each ABU Share held prior to the Continuance. The current directors and officers of ABU are identical to the directors and officers of ABU immediately prior to the Continuance. As of the Continuance Effective Date, the election, duties, resignations and removal of ABU's directors and officers are governed by the BCBCA and the Articles of Continuance.

THE ARRANGEMENT

The Arrangement Agreement

The following summarizes, among other things, the material terms of the Arrangement Agreement, a copy of which has been filed on SEDAR under ABU's SEDAR profile as a material document, and is available for review on SEDAR at www.sedar.com. ABU Shareholders are urged to read the Arrangement Agreement in its entirety for a more complete description of the Arrangement.

Effective Date of the Arrangement

After obtaining the Final Order and subject to the satisfaction or waiver of the conditions set forth in the Arrangement Agreement, including receipt of all appropriate regulatory approvals, the Arrangement will become effective on the Effective Date.

Representations and Warranties

Each of SpinCo and ABU provided customary representations and warranties in the Arrangement Agreement for a transaction of this nature. For a complete description of the representations and warranties, please refer to the Arrangement Agreement filed on SEDAR at www.sedar.com.

Mutual Covenants of ABU and SpinCo

In the Arrangement Agreement, each of ABU and SpinCo have agreed to do and perform all such acts and things and execute and deliver all such agreements, assurances, notices and other documents and instruments, as may reasonably be required to facilitate the carrying out of the intent and purpose of the Arrangement Agreement.

Conditions to Closing

The Arrangement Agreement provides that the respective obligations of each party to complete the Arrangement are subject to the satisfaction, on or before the Effective Date, of the following mutual conditions precedent, each of which may only be waived by the mutual consent of SpinCo and ABU:

(a) the Interim Order shall have been obtained in form and substance satisfactory to each of the parties, acting reasonably;

(b) the Plan of Arrangement, without amendment or with amendments acceptable to SpinCo and ABU, acting reasonably, shall have been approved at the Meeting as required by the Interim Order;

(c) the Arrangement Resolution, without amendment or with amendments acceptable to SpinCo and ABU, acting reasonably, shall have been approved at the Meeting, as applicable;

(d) the time period for the exercise of any right to dissent conferred upon the ABU Shareholders in respect of the Arrangement shall have expired and the ABU Shareholders shall not have exercised (and not abandoned) such right of dissent with respect to greater than 5% of the number of outstanding ABU Shares;

(e) the Final Order shall have been obtained in form and substance satisfactory to each of the parties, acting reasonably;

(f) all approvals and consents, regulatory or otherwise, which are required in connection with the consummation of the transactions contemplated in this Agreement and in the Plan of Arrangement shall have been obtained;

(g) no preliminary or permanent injunction, restraining order, cease trading order or order or decree of any domestic or foreign court, tribunal, governmental agency or other regulatory authority or administrative agency, board or commission, and no law, regulation, policy, directive or order shall have been enacted, promulgated, made, issued or applied to cease trade, enjoin, prohibit or impose material limitations on, the Arrangement or the transactions contemplated herein or in the Plan of Arrangement shall have been issued and remain in effect and no such action, proceeding or order shall, to the best of the knowledge of SpinCo or ABU, be pending or threatened and, without limiting the generality of the foregoing, no Person shall have filed any notice of appeal of the Final Order, and no Person shall have communicated to SpinCo or ABU (verbally or in writing) any intention to appeal the Final Order which, in the reasonable opinion of SpinCo or ABU (on the advice of legal counsel), would make it inadvisable to proceed with the implementation of the Arrangement;

(h) there shall not exist any prohibition at law against the completion of the Arrangement;

(i) the SpinCo Shares shall have been conditionally approved for listing on the Exchange; and

(j) the Arrangement Agreement shall not have been terminated in accordance with its terms.

Termination

At any time prior to the Effective Date, the Arrangement Agreement may at any time before or after the holding of the Meeting, and before or after the granting of the Final Order, be terminated by direction of the ABU Board without further action on the part of ABU Shareholders, or by the board of directors of SpinCo, and nothing expressed or implied herein or in the Plan of Arrangement will be construed as fettering the absolute discretion of the board of directors of ABU or SpinCo to terminate the Arrangement Agreement and discontinue efforts to effect the Arrangement for whatever reasons they may consider appropriate.

Information Concerning SpinCo

SpinCo is a wholly-owned subsidiary of ABU and was incorporated on November 24, 2010, pursuant to the provisions of the BCBCA for the sole purpose of completing the Arrangement. SpinCo has no subsidiaries and no assets. Since incorporation, it has carried on no business other than in connection with the Arrangement and as otherwise described in this Filing Statement. The registered and records office is located at Suite 2610, 1066 West Hastings Street, Vancouver, British Columbia, V6E 3X1. The directors of SpinCo are J. Lewis Dillman, Sean McGrath, David Parry, and Stephen Polakoff. The directors intend to adopt an incentive stock option plan prior to the Effective Date.

Required Court Approvals

The Arrangement requires Court approval under the BCBCA. ABU obtained the Interim Order providing for the calling and holding of the Meeting and certain other procedural matters related to the Meeting. The Final Order approving the Arrangement and the Plan of Arrangement, as proposed by ABU, was issued by the Court on January 6, 2011. ABU's counsel has advised that, in deciding whether to grant the Final Order, the Court considered, among other things, the fairness of the Arrangement to the ABU Shareholders.

THE REVERSE TAKE-OVER

The Share Exchange Agreement

The following summarizes, among other things, the material terms of the Share Exchange Agreement, a copy of which has been filed on SEDAR under ABU's SEDAR profile as a material document, and is available for review at www.sedar.com.

Effective Date of the Reverse Take Over

After the satisfaction or waiver of the conditions set forth in the Share Exchange Agreement, including ABU Shareholder approval of the Arrangement and receipt of all appropriate regulatory approvals, the RTO will become effective on the Effective Date.

Representations and Warranties

Each of SMW and ABU provided customary representations and warranties in the Share Exchange Agreement for a transaction of this nature. For a complete description of the representations and warranties, please refer to the Share Exchange Agreement filed on SEDAR.

Mutual Covenants of ABU and SMW

ABU and SMW covenant and agree to cooperate in the preparation of filings, to provide notice to the other of any material change, to issue the Finder's Options and the 6,000,000 stock options to management, and to appoint the members of the board of directors and management of the RTO Resulting Issuer. ABU shall each use its commercially reasonable efforts to cause the current directors and officers of ABU to enter into agreements wherein such persons will covenant and agree not to sell any ABU Shares beneficially owned by such person as at the date of the Share Exchange Agreement for six months following the Effective Date. Each SMW Shareholder covenants and agrees that he or she shall not sell any ABU Shares beneficially owned by such shareholder at the date of the Share Exchange Agreement or received by the SMW Shareholder in connection with the transactions contemplated by this Agreement for six months following the Effective Date.

Escrow of Securities

As at the date of this Filing Statement, no securities of SMW or ABU are held in escrow. Pursuant to Exchange Policies, all securities held by Principals of the RTO Resulting Issuer, and all of the RTO Units issued to the SMW Shareholders pursuant to the Share Exchange Agreement, will be subject to escrow following completion of the Transaction. Pursuant to the Exchange Policies, 25% of securities of ABU acquired by Principals of the RTO Resulting Issuer more than one year prior to the date the Exchange provided conditional approval of the Reverse Take-Over will be released from escrow on the issuance of the Final Exchange Bulletin (the "**Initial Release**") and an additional 25% will be released on the dates that are 6 months, 12 months, and 18 months following the Initial Release. Also pursuant to Exchange Policies, 10% of securities of ABU that were acquired by Principals of the RTO Resulting Issuer within one year before the date the Exchange provides conditional approval of the Reverse Take-Over, and 10% of all of the RTO Units issued to SMW Shareholders, will be released from escrow on the Initial Release, and an additional 15% will be released on the dates 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release.

Finder’s Units

The RTO Resulting Issuer will pay a finder’s fee to the Finder for acting as finder in connection with the Transaction, of 880,000 Units (the “**Finder’s Units**”). Each Finder’s Unit will be comprised of one common share of the RTO Resulting Issuer and one Finder’s Warrant, exercisable by the Finder at a price of $1.20 for a period of 30 months.

Conditions Precedent

Completion of the RTO contemplated pursuant to the Share Exchange Agreement is conditional upon the satisfaction of waiver of the following conditions precedent:

(a) the receipt of all necessary regulatory approvals, corporate and third party approvals, including the conditional acceptance of the Exchange, and compliance with all applicable laws, regulatory requirements and conditions in connection with the RTO;

(b) completion of the Continuance, the Arrangement and the Concurrent Financings;

(c) no legal action or proceedings shall be pending or threatened by any person against ABU or SMW in any jurisdiction and no order or notice will have been issued or delivered by any governmental entity or securities authority seeking to enjoin or prohibit on a temporary or permanent basis as of the transactions contemplated in the Share Exchange Agreement (including but not limited to the RTO and the Concurrent Financings) or imposing temporary or permanent terms or conditions on such transactions.

(d) the liabilities of ABU will not have materially increased from the date of the Share Exchange Agreement, other than in the ordinary course of business and ABU will have a minimum of $1,250,000 in cash available on the Effective Date prior to giving effect to the Concurrent Financings;

(e) subject to the effect of the Arrangement, there will be no Material Adverse Effect on the financial and operational condition or the assets of ABU;

(f) SMW has received no unfavourable tax advice from its tax advisors of the Canadian income tax consequences of the RTO;

(g) the representations and warranties of ABU contained in the Share Exchange Agreement will be true and accurate on the date of the Share Exchange Agreement and at the Effective Date with the same force and effect as though such representations and warranties had been made as of the Effective Date;

(h) ABU will have delivered to SMW and the SMW Shareholders a certificate in a form satisfactory to SMW’s counsel, acting reasonably, confirming that the facts with respect to the representations and warranties of ABU are as set out therein and remain true as at the Effective Date and that ABU has performed each of its covenants required to be performed by it thereunder;

(i) there will be no material actions, suits or proceedings, whether or not purportedly on behalf of ABU, outstanding or, to the best of the management of ABU's knowledge, pending or threatened by or against ABU at law or in equity or before or by any federal, provincial, municipal or other governmental department, commission, bureau, agency or instrumentality; and

(j) as of the Effective Date, ABU shall have delivered all agreements, certificates and other instruments and documents required pursuant to Section 12.3 of the Share Exchange Agreement.

Termination and Non-Solicitation

Prior to the Effective Date, the Share Exchange Agreement may be terminated by (i) mutual consent of ABU and SMW, (ii) by either ABU or SMW if any of the conditions contained within the Share Exchange Agreement are not consummated by February 28, 2011 or such other date as may be agreed to by ABU or SMW, or (iii) by the non-soliciting party, if ABU, SMW (or their directors and officers) or the SMW Shareholders solicit an acquisition proposal similar to the transaction contemplated within the Share Exchange Agreement, from a third party.

If the Share Exchange Agreement is terminated pursuant to item (iii) above, the soliciting party will pay to the other a break fee in the amount of 1% of the value of the RTO Units to be issued on the RTO by either ABU or SMW if the Acquisition is not consummated by February 28, 2011 or such other date as may be agreed to by ABU and SMW.

The Concurrent Financings

Pursuant to an agency agreement dated November 23, 2010, Salman Partners Inc. agreed to act as agent in respect of the Brokered Concurrent Financing of 14,000,000 Subscription Receipts at a price of $0.80 per Subscription Receipts for gross proceeds of $11,200,000. ABU also undertook a Non-Brokered Concurrent Financing of 1,000,000 Subscription Receipts for gross proceeds of $800,000.

The closing date of the Brokered Concurrent Financing occurred on November 23, 2010, and the closing date of the Non-Brokered Concurrent Financing occurred on November 30, 2010. The gross proceeds of the Brokered Concurrent Financing were delivered to Olympia Trust Company, to be held in escrow ,and the gross proceeds of the Non-Brokered Concurrent Financing were delivered to M.O.I. Escrow Services Limited, to be held in escrow. The gross proceeds of the Concurrent Financings together with accrued interest will be released from escrow to the RTO Resulting Issuer on the Effective Date, subject to certain release conditions (the "**Release Conditions**"), including the completion of the Continuance, the Arrangement and the RTO, having been waived or satisfied on or before the Effective Date. If the Release Conditions are not waived or satisfied on or before February 28, 2011, ABU will repurchase the Subscription Receipts from the subscribers and ABU will return the gross proceeds of the Concurrent Financings to the subscribers.

Upon the occurrence of the Release Conditions, each Subscription Receipt will be exercisable to acquire without any action on the part of the holder, one unit ("**Unit**") of the RTO Resulting Issuer. Each Unit will consist of one common share of the RTO Resulting Issuer and one common share purchase warrant. Each warrant will entitle the holder to acquire one warrant share at a price of $1.20 per share for a period of 30 months from issuance. If at any time after twelve months and one day after the closing date of the Concurrent Financing, the daily volume-weighted average price of RTO Resulting Issuer shares on the TSX Venture Exchange (or such other stock exchange or quotation system on which the majority of ABU Shares trade) is $2.40 or higher for a period of 20 consecutive trading days, the RTO Resultign Issuer may, within 20 days of any such event, provide written notice to warrantholders of early expiry and thereafter, the warrants will expire on the date that is 30 days after the date of the notice to warrantholders.

A cash commission of $520,000 will be paid to the Agent. In addition, the Agent will receive 650,000 options (the **"Special Compensation Options"**). Each Special Compensation Option will automatically convert on the Effective Date to agent's options (the "**Agent's Options**") which will be exercisable into units, with the same terms as the Units issued pursuant to the Brokered Concurrent Financing, at the offering price for a period of 30 months following closing of the Brokered Concurrent Financing.

GENERAL MATTERS

Experts

The audited financial statements of ABU have been included by reference in this Filing Statement with the consent of PricewaterhouseCoopers LLP, Chartered Accountants, of Vancouver. PricewaterhouseCoopers LLP reports that they are independent of ABU in accordance with the rules of professional conduct of the Institute of Chartered Accountants of British Columbia.

The audited financial statements of SMW have been included in this Filing Statement with the consent of AuditLine Ltd., Chartered Accountants of Nicosia, Cyprus. AuditLine Ltd. reports that they are independent of SMW in accordance with the rules of professional conduct of the Institute of Certified Public Accountants in Cyprus ("ICPAC").

Richard J. Fletcher, M. Sc., C. Geol. C. Eng., the author of the Technical Reports, does not have any beneficial interest, direct or indirect, in any securities or property of ABU or SMW.

ADDITIONAL INFORMATION

Additional information relating to ABU is available on SEDAR at www.sedar.com.

OTHER MATERIAL FACTS

Management knows of no other material facts about ABU, SMW, the RTO Resulting Issuer or the RTO that are not disclosed under the preceding items and are necessart for the Filing Statement to contain full, true and plain disclosure of all material facts relating to ABU, SMW and the RTO Resulting Issuer, assuming completion of the RTO.

CERTIFICATION AND BOARD APPROVAL

The undersigned hereby certifies that the contents and the sending of this Filing Statement to ABU's shareholders have been approved by the Board of Directors. The foregoing contains no untrue statement of material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

DATED at Vancouver, British Columbia, on the 17 day of January, 2011.

BY ORDER OF THE BOARD

ABENTEUER RESOURCES CORP.

"J. LEWIS DILLMAN",
President and Director

CERTIFICATE OF SWM GOLD LIMITED

The foregoing document as it relates to SMW Gold Limited constitutes full, true and plain disclosure of all material facts relating to the securities of SMW Gold Limited.

SWM GOLD LIMITED

"MARK LISNYANSKY"
Managing Director

CONSENT OF PRICEWATERHOUSECOOPERS LLP

AUDITORS' CONSENT

We have read the Filing Statement of Abenteuer Resources Corp. (the "Company") dated January 17, 2011 relating to the proposed Reverse Take-over involving the Company and SMW Gold Limited. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use in the above-mentioned Filing Statement of our report to the shareholders of the Company on the consolidated balance sheets of the Company as at December 31, 2009 and December 31, 2008 and the consolidated statements of shareholders' equity, operations, comprehensive income (loss) and retained earnings (deficit) and cash flows for each of the years then ended. Our report is dated April 29, 2010.

We consent to the use in the above-mentioned Filing Statement of our report to the shareholders of the Company on the consolidated balance sheets of the Company as at December 31, 2008 and December 31, 2007 and the consolidated statements of operations, comprehensive income and retained earnings (deficit) and cash flows for each of the years then ended. Our report is dated April 23, 2009.

(signed) PricewaterhouseCoopers, LLP

Chartered Accountants
Vancouver, British Columbia

January 17, 2011

CONSENT OF AUDITLINE LTD.

AUDITORS' CONSENT

We have read the Filing Statement of Abenteuer Resources Corp. (the "Company") dated 17 January 2011 relating to the proposed Reverse Take-over involving the Company and SMW Gold Limited. We have complied with International Standards of Auditing requirements for an auditor's involvement with offering documents.

We consent to the use in the above-mentioned Filing Statement of our independent auditor's report to the members of SMW Gold Limited ("SMW") on the statement of financial position of SMW as at 31 December 2009, 2008 and 2007 and the statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2009 and 2008 and the period from 15 October 2007 to 31 December 2007. Our report is dated 24 November 2010.

(signed) AuditLine Ltd.

Chartered Accountants
Nicosia, Cyprus

17 January 2011

SCHEDULE "A"

INFORMATION CONCERNING ABENTEUER RESOURCES CORP.

Name and Incorporation

ABU was formed under the BCBCA on December 31, 2010 pursuant to a continuation out of Alberta and into British Columbia. Its head office is located at Suite 900-555 Burrard Street, Vancouver, BC V7X 1M8. As at the date of the Filing Statement, ABU's only subsidiary is SpinCo.

General Development of Business

History

Prior to the Continuance, the legal predecessor of ABU ("**Pre-Continuance ABU**") was formed under the ABCA pursuant to an amalgamation on January 31, 2010. The legal predecessor to Pre-Continuance ABU, also named Abenteuer Resources Corp. ("**Predecessor ABU**"), was incorporated on November 11, 2000 under the laws of the Province of Alberta, and traded as a Capital Pool Company on the Canadian Venture Exchange Inc. Predecessor ABU completed its qualifying transaction in 2001 by acquiring 903739 Alberta Ltd., an Alberta corporation holding a 20% interest in the right to explore for and produce petroleum and natural gas from certain formations in the Kingsford area of south-east Saskatchewan. Effective January 31, 2003, Predecessor ABU amalgamated with 903739 Alberta Ltd., forming ABU.

From 2002-2005 ABU expanded its resource interests in the West Kingsford area of southeast Saskatchewan by purchasing interest, earning into interests, or partnering with parties to develop interests, and continues to develop and derive revenue from its interests in NI 51-101 compliant oil and gas properties located in the West Kingsford area of southeast Saskatchewan.

Selected Consolidated Financial Information and Management's Discussion and Analysis

Selected Information

The following table sets out selected historical financial information for ABU for the nine months ended September 30, 2010, and the financial years ended December 31, 2009, December 31, 2008, and December 31, 2007. Such information is derived from the financial statements of ABU which are incorporated by reference into this Filing Statement, and should be read in conjunction with such financial statement.

INCOME STATEMENT DATA	NINE MONTHS ENDED SEPTEMBER 30, 2010	FINANCIAL YEAR ENDED DECEMBER 31, 2009	FINANCIAL YEAR ENDED DECEMBER 31, 2008	FINANCIAL YEAR ENDED DECEMBER 31, 2007
TOTAL EXPENSES	**$351,920**	**$733,250**	**$512,257**	**$594,185**

INCOME STATEMENT DATA	NINE MONTHS ENDED SEPTEMBER 30, 2010	FINANCIAL YEAR ENDED DECEMBER 31, 2009	FINANCIAL YEAR ENDED DECEMBER 31, 2008	FINANCIAL YEAR ENDED DECEMBER 31, 2007
NET LOSS (INCOME)	**$32,335**	**$238,846**	**($169,120)**	**($142,829)**

BALANCE SHEET DATA	AS AT SEPTEMBER 30, 2010	AS AT DECEMBER 31, 2009	AS AT DECEMBER 31, 2008	AS AT DECEMBER 31, 2007
CASH AND SHORT-TERM INVESTMENTS	$**1,203,626**	$**1,262,514**	$**1,114,355**	$**657,247**
TOTAL ASSETS	$**2,373,379**	$**2,449,417**	$**2,340,282**	$**2,076,309**
SHAREHOLDERS' EQUITY	$**2,245,395**	$**2,270,230**	$**2,109,362**	$**1,932,988**

Nine Month Period Ended September 30, 2010

Oil revenues, net of royalties and taxes, for the nine months ended September 30, 2010 increased from $293,493 during the nine months ended September 30, 2009 to $303,967 during the period ended September 30, 2010 due to an increase in the price paid for production of approximately $12 per barrel. ABU's interest and other income decreased from $13,323 during the nine months ended September 30, 2009 to $3,618 for the nine months ended September 30, 2010. Banks have still not increased the interest being paid on funds on deposit and there was a timing difference on the maturity of the GIC compared to the maturity date in 2009.

Operating expenses for the nine months ended September 30, 2010 decreased to $91,352 from $152,198 during the nine months ended September 30, 2009. The decrease can be attributed to the fact that during the second quarter of 2009 one well required a minor work-over and another required to be re-lined. These are considered normal operating expenses in the industry Depletion and amortization for the period has decreased by $23,571 from the same period during 2009 as a result of Well #5 on Section 27 being shut down during four months. Depletion is directly related to production volume.

Administrative expenses are in large measure made up of management fees, professional fees, director's fees and office rent. They have decreased from $186,936 in 2009 to $150,210 in 2010. The decrease can be attributed to the statement of international investigations as a separate line item.

Year Ended December 31, 2009

Oil revenues, net of royalties and taxes, for the year ended December 31, 2009 decreased from $726,727 during the year ended December 31, 2008 to $415,555 during the year ended December 31, 2009 due to the decrease in the price paid for production and due to a decline in production. ABU's interest and other income decreased from $22,557 during the year ended December 31, 2008 to $13,323 for the year ended December 31, 2009. During the recession of 2009, banks dramatically reduced interest paid on funds on deposit.

Operating expenses for the year ended December 31, 2009 increased to $208,711 from $138,272 during the year ended December 31, 2008. The increase can be attributed to two minor work-overs, repairs, maintenance and trucking.

Depletion and amortization has increased by $9,837 from the year end 2008. In addition, ABU's petroleum engineers have revised their estimate of the value of proved reserves as previous calculations had included one time maintenance costs being repeated in subsequent years.

Administrative expenses have increased from $215,118 in 2008 to $287,433 in 2009. The increase can be attributed in large measure to a slight increase in professional fees, director's fees and preparations in view of the impending IFRS conversion.

ABU reviewed three international opportunities during 2009. The expenses incurred during these investigations were $49,406 and have been set-up in a separate line item in the Comprehensive Income Statement.

Description of the Securities

As at the date of this Filing Statement, 17,193,206 ABU Shares were issued and outstanding as fully-paid and non-assessable, 1,630,000 ABU Warrants were issued and outstanding, and 200,000 ABU Options were issued and outstanding.

For the purposes of the prospective disclosure contained in this Filing Statement, it has been assumed that an additional 1,590,000 ABU Warrants and 200,000 ABU Options will be exercised prior to the Effective Date. Accordingly, it has been assumed that an aggregate of 400,000 pre-Consolidation (160,000 post-Consolidation) ABU Warrants will be outstanding as of the Effective Date, and no ABU Options will be outstanding as of the Effective Date.

Pursuant to the Plan of Arrangement, the issued and outstanding common shares of ABU will be consolidated on a two and one half old share for one new share basis. On the Effective Date, and based on the foregoing assumptions, the issued and outstanding share capital of ABU will consist of 7,593,282 common shares. Immediately following the Effective Time of the Arrangement, ABU will complete the RTO pursuant to the Share Exchange Agreement and will issue 25,000,000 RTO Units to the SMW Shareholders, and 880,000 Finder's Units to the Finder. Immediately following the RTO Effective Time, the RTO Resulting Issuer will complete the Concurrent Financings, pursuant to which it will issue 15,000,000 Units of the RTO Resulting Issuer. See "The Concurrent Financings".

ABU Common Shares

All of the ABU Shares rank equally as to voting rights, participation in a distribution of the assets of ABU on liquidation, dissolution or winding-up and the entitlement to dividends. The ABU Shareholders are entitled to receive notice of all meetings of shareholders and to attend and vote the ABU Shares at the meetings. Each ABU Share carries with it the right to one vote.

In the event of the liquidation, dissolution or winding-up of ABU or other distribution of assets of ABU, the ABU Shareholders will be entitled to receive, on a *pro rata* basis, all of the assets remaining after

ABU has paid its liabilities. There is no set dividend rate or dividend schedule for the ABU Shares. The ABU Board will decide if and when dividends should be declared and paid.

The ABU Shares are not subject to any future call or assessment and there are no provisions for exchange, conversion, exercise, redemption or retraction.

ABU Preferred Shares

The preferred shares may be issued from time to time in one or more series, each series consisting of a number of preferred shares as determined by the board of directors of ABU who may also fix the designations, rights, privileges, restrictions and conditions attaching to the shares of each series of preferred shares.

ABU Warrants

There are 1,630,000 ABU Warrants were outstanding as of the date of this Filing Statement. These ABU Warrants will continue into the RTO Resulting Issuer on a post-Consolidation basis. See *Schedule "C" – Information Concerning the RTO Resulting Issuer"*.

ABU Options

There are 200,000 ABU Options outstanding as of the date of this Filing Statement. These ABU Options will either be exercised or cancelled prior to the Effective Date, and therefore will not continue into the RTO Resulting Issuer. For the purposes of the prospective disclosure contained in this Filing Statement, it has been assumed that the 200,000 ABU Options will be exercised prior to the Effective Date.

Stock Option Plan

ABU's stock option plan (the "**Current Plan**") was first established in 2005, allowing for the grant of stock options equal to 10% of the number of issued and outstanding shares of ABU at any given time on a "rolling" basis. The ABU Shareholders approved at the Meeting by ordinary resolution of disinterested ABU Shareholders, a new stock option plan (the "**New Option Plan**") effective subject to regulatory approval, to allow for the purchase of shares issuable pursuant to stock options granted under the New Option Plan equal to: (i) if the Transaction is not completed, 20% of the then current number of issued and outstanding ABU Shares, being 3,138,653; or (ii) if the Transaction is completed, 20% of the then issued and outstanding shares of the RTO Resulting Issuer on a post-Transaction (including post-Consolidation) and post-Concurrent Financings basis, being 9,431,461.

The New Option Plan is consistent with the requirements of the Exchange, which New Option Plan provides for the following:

(a) the maximum aggregate number of shares that can be issued after the date the New Option Plan is adopted pursuant to the exercise of options granted under the Current Plan, the New Option Plan or otherwise, is: (i) if the Transaction is not completed, 3,138,653 shares, being 20% of ABU's then current issued and outstanding share capital (on a non-diluted basis); or (ii) if the Transaction is completed, 9,431,461 shares, being 20% of the RTO Resulting Issuer's issued and outstanding share capital (on a non-diluted basis), as calculated based on the issued and outstanding share capital of ABU as at the date of the Meeting Materials;

(b) stock options granted under the New Option Plan will have an expiry date not to exceed 10 years from the date of grant;

(c) any stock options granted that expire or terminate for any reason without having been exercised will again be available under the New Option Plan;

(d) stock options will vest as required by the Exchange and as may be determined by the administrator of the New Option Plan, or in the absence of such body, the ABU Board or the board of directors of the RTO Resulting Issuer (the "**RTO Resulting Issuer Board**"), as applicable;

(e) the minimum exercise price of any stock options issued under the New Option Plan will be determined by the ABU Board or the RTO Resulting Issuer Board, as applicable, at the time of grant, subject to the requirements of the Exchange;

(f) stock options granted will expire 90 days after an optionee ceases to be involved with ABU or the RTO Resulting Issuer, as applicable, or for any options granted to an individual providing investor relations services, 30 days after the optionee ceases to be involved with ABU or the RTO Resulting Issuer, as applicable;

(g) the ABU Board or the RTO Resulting Issuer Board, as applicable, is authorized to grant stock options to any one person in any 12 month period which could, when exercised, result in the issuance of shares exceeding 5% of the issued and outstanding shares of ABU or the RTO Resulting Issuer, as applicable;

(h) the ABU Board or the RTO Resulting Issuer Board, as applicable, is authorized to grant to insiders, within a 12 month period, that number of stock options under the New Option Plan exceeding 10% of the then issued and outstanding share capital of ABU or the RTO Resulting Issuer, as applicable;

(i) ABU or the RTO Resulting Issuer, as applicable, cannot grant options to any one consultant in any 12 month period which could, when exercised, result in the issuance of shares exceeding 2% of the issued and outstanding shares of ABU or the RTO Resulting Issuer, as applicable; and

(j) ABU cannot grant options in any 12 month period to persons employed or engaged by ABU or the RTO Resulting Issuer, as applicable, to perform investor relations activities which could, when exercised, result in the issuance of shares exceeding, in aggregate, 2% of the issued and outstanding shares of ABU or the RTO Resulting Issuer, as applicable, and options issued to consultants performing investor relations activities must vest in stages over 12 months with no more than 1/4 of the options vested in any three month period.

The New Option Plan provides that if a change of control, as described therein, occurs, all unvested options shall immediately become vested and may thereon be exercised in whole or in part by the option holder, subject to any required approval by the Exchange.

Directors, officers, consultants and employees of ABU or its subsidiaries, or the RTO Resulting Issuer or its subsidiaries, as applicable, and employees of a person or company which provides management services or investor relations services to ABU or its subsidiaries, or to the RTO Resulting Issuer or its subsidiaries, may participate in the New Option Plan. The purpose of the New Option Plan is to provide the participants with an opportunity to purchase shares of ABU or the RTO Resulting Issuer, as applicable, and to benefit from the appreciation thereof. This will provide an increased incentive for the participants to contribute to the future success and prosperity of ABU, or the RTO Resulting Issuer, as applicable, thus enhancing the value of the shares of ABU, or the RTO Resulting Issuer, as applicable, for the benefit of all the shareholders and increasing the ability of ABU and its subsidiaries, or the RTO Resulting Issuer and its subsidiaries, as applicable, to attract and retain individuals of exceptional skill.

Prior Sales

Other than as provided below, no ABU Shares have been sold in the 12 months prior to the date of this Filing Statement.

In the last 12 months, 1,860,000 ABU Warrants were exercised at an exercise price of $0.15 per warrant share for aggregate cash proceeds of $279,000, 200,000 ABU Options were exercised at an exercise price of $0.10 for aggregate cash proceeds of $20,000, 400,000 ABU Options were exercised at an exercise price of $0.20 for aggregate cash proceeds of $80,000, and 150,000 ABU Options were exercised at an exercise price of $0.23 for aggregate cash proceeds of $34,500.

For the purposes of the prospective disclosure contained in this Filing Statement, it has been assumed that an additional 1,590,000 ABU Warrants and 200,000 ABU Options will be exercised prior to the Effective Date. Accordingly, it has been assumed that an aggregate of 400,000 pre-Consolidation (160,000 post-Consolidation) ABU Warrants will be outstanding as of the Effective Date.

Trading History

ABU's common shares are listed on the Exchange under the symbol "ABU". The following table sets the daily high and low closing prices and the volume of trading of the ABU common shares for the periods indicated:

Period	High	Low	Volume
December 2010[1]	N/A/	N/A	N/A
November 2010 [1]	N/A	N/A	N/A
October 2010 [1]	N/A	N/A	N/A
September 2010 [1]	$0.37	$0.24	685,800
August 2010	$0.23	$0.20	162,500
July 2010	$0.22	$0.20	91,500
March – September 2010	$0.30	$0.19	423,500
January – March 2010	$0.33	$0.23	1,644,800
October – December 2009	$0.30	$0.14	1,933,000
July – September 2009	$0.16	$0.10	414,000
April – September 2009	$0.15	$0.09	169,000
January – March 2009	$0.11	$0.08	198,500
October – December 2008	$0.14	$0.07	770,100

Notes:

(1) ABU's common shares were suspended from trading on September 23, 2010 at the request of ABU pending the announcement of the Transaction.

STATEMENT OF EXECUTIVE COMPENSATION

During the financial year ended December 31, 2009, ABU had three Named Executive Officers, being J. Lewis Dillman, the President and Chief Executive Officer, Jamie Lewin, the former Chief Financial Officer and Sean McGrath, the Chief Financial Officer.

"Named Executive Officer" means: (a) each Chief Executive Officer, (b) each Chief Financial Officer, (c) each of the three most highly compensated executive officers, other than the Chief Executive Officer and Chief Financial Officer, who were serving as executive officers as at the end of the most recently completed financial year, and whose salary and bonus exceeds $150,000 per year, and (d) any additional individuals for whom disclosure would have been provided under (b) except that the individual was not serving as an officer of ABU at the end of the most recently completed financial year.

Compensation Discussion & Analysis

Philosophy and Objectives

The compensation program for the senior management of ABU is designed to ensure that the level and form of compensation achieves certain objectives, including:

(a) attracting and retaining talented, qualified and effective executives;

(b) motivating the short and long-term performance of these executives; and

(c) better aligning their interests with those of ABU Shareholders.

In compensating its senior management, ABU has employed a combination of base salary, bonus compensation and equity participation through its stock option plan.

Base Salary

In the view of the ABU Board, paying base salaries which are competitive in the markets in which ABU operates is a first step to attracting and retaining talented, qualified and effective executives. Competitive salary information for companies earning comparable revenues in a similar industry is compiled from a variety of sources, including surveys conducted by independent consultants and national and international publications.

Cash Incentive Compensation

ABU's primary objective is to aim to achieve certain strategic objectives and milestones. The ABU Board approves executive bonus compensation dependent upon ABU meeting those strategic objectives and milestones and sufficient cash resources being available for the granting of bonuses. There were no bonuses paid to any of the Named Executive Officers during the most recently completed fiscal year.

Equity Participation

The ABU Board believes that encouraging its executives and employees to become shareholders is the best way to align the interests of its executives and employees with those of its shareholders. Equity participation is accomplished through ABU's stock option plan. Stock options are granted to senior executives taking into account a number of factors, including the amount and term of options previously granted, base salary and bonuses and competitive factors. Options are generally granted to senior executives with vesting periods of over 18 months.

Given the evolving nature of ABU's business, the ABU Board continues to review and redesign the overall compensation plan for senior management so as to continue to address the objectives identified above.

Summary Compensation Table

Set out below is a summary of compensation paid during ABU's two most recently completed financial years to ABU's Named Executive Officers:

Name and Principal Position	Year	Salary ($)	Share based awards ($)	Option based awards ($)	Non-equity incentive Plan compensation ($)		Pension value ($)	All other Compensation ($)	Total Compensation ($)
					Annual incentive plans	Long – term incentive plans			
J. Lewis Dillman President and CEO	2008	$30,000	Nil	Nil	Nil	Nil	Nil	$1,000(3)	$31,000
	2009	$30,000	Nil	Nil	Nil	Nil	Nil	$12,000(3)	42,000
Jamie Lewin, Former CFO(1)	2008	Nil	Nil	Nil	Nil	Nil	Nil	$17,988 (4)	$17,988
	2009	Nil	Nil	Nil	Nil	Nil	Nil	$34,535 (5)	$34,535
Sean McGrath, CFO(2)	2008	N/A	N/A	$2,418	N/A	N/A	N/A	$1,000 (3)	3,418
	2009	Nil	Nil	$10,250	Nil	Nil	Nil	$12,000 (3)	$22,250

(1) Mr. Lewin resigned on November 15, 2009.
(2) Mr. McGrath was appointed as CFO on November 15 2009.
(3) Director's fees.
(4) $1,000 was paid to Mr. Lewin as directors' fees. The balance of the compensation represents consulting fees.
(5) $12,000 was paid to Mr. McGrath as directors' fees. The balance of the compensation represents the fair value of options granted.

Narrative Discussion

ABU is an oil and gas development and exploration firm. There are insufficient responsibilities to occupy a full time executive position with ABU.

ABU has signed a management contract with Western Eagle Resources Inc., a company owned by the President and Chief Executive Officer of ABU, J. Lewis Dillman, to provide executive and management services to ABU on an as needed basis, for $2,500 a month, plus applicable taxes and reimbursement of expenses incurred on behalf of ABU.

ABU has an informal arrangement with Best Fit Consulting, a proprietorship owned by Jamie Lewin, pursuant to which Best Fit Consulting was to provide financial and accounting services to ABU on a fee for services basis of $50.00 per hour.

INCENTIVE PLAN AWARDS

Outstanding share-based awards and option based awards

The following table sets forth the outstanding share-based awards and option-based awards held by the Named Executive Officers of ABU at the end of the most recently completed financial year:

Option Based Awards					Share-based Awards	
Name	Number of Securities underlying unexercised options #	Option exercise price ($)	Option expiration date	Value of unexercised in-the-money options	Number of shares or units of shares that have not vested #	Market or payout value of share-based awards that have not vested ($)
J. Lewis Dillman	300,000	$0.20	November 21, 2010	$45,000(1)	Nil	Nil
Sean McGrath, CFO	100,000 100,000	$0.10 $0.23	December 3, 2011 October 16, 2012	$25,000(1) $12,000(1)	Nil	Nil

(1) Based on a closing price of $0.35 for ABU's common shares on September 22, 2010.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth details of the value vested or earned for all incentive plan awards during the most recently completed financial year by each Named Executive Officer:

Name	Option-based awards – Value vested during the year	Share-based awards – value vested during the year	Non-equity incentive plan compensation – Value earned during the year
J. Lewis Dillman, CEO	Nil	Nil	Nil
Jamie Lewin, Former CFO	Nil	Nil	Nil
Sean McGrath, CFO	$10,250 (1)	Nil	Nil

(1) A total of 100,000 incentive stock options exercisable at $0.23 were granted. The fair value of these options was determined using a Black Scholes option model. The options vested immediately and expire October 16, 2012.

Termination and Change of Control Benefits

ABU has an arrangement whereby the Chief Executive Officer may be compensated up to $7,500 in the event of the Chief Executive Officer's resignation, retirement or other termination of employment, or in the event of a change of control of ABU or a change in the Chief Executive Officer's responsibilities following such a change of control.

Compensation of Directors

Other than compensation paid to the Named Executive Officers, and except as noted below, no compensation was paid to directors in their capacity as directors of ABU or its subsidiaries, in their capacity as members of a committee of the Board or of a committee of the ABU Board of its subsidiaries, or as consultants or experts, during ABU's most recently completed financial year.

The following table sets forth the details of compensation provided to the directors, other than the Named Executive Officers during ABU's most recently completed financial year:

Director Compensation Table

Name	**Fees Earned ($)**	**Share based Awards ($)**	**Option based Awards ($)**	**Non-Equity Incentive Plan Compensation ($)**	**Pension Value ($)**	**All Other Compensation ($)**	**Total ($)**
David Parry	Nil	Nil	$15,375(2)	Nil	Nil	$12,000(1)	$27,375
Stephen Polakoff	Nil	Nil	Nil	Nil	Nil	$12,000(1)	$12,000

(1) Directors received $1,000 per month as directors' fees.
(2) Mr. Parry received 150,000 incentive stock options exercisable at $0.23 per common share until October 16, 2012. The options vested immediately.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

ABU has an incentive stock option plan under which stock options are granted, Stock options have been determined by ABU's directors and are only granted in compliance with applicable laws and regulatory policy. The policies of the Exchange limit the granting of stock options to directors, officers and employees of ABU and provide limits on the length, number and exercise price of such options. The Exchange also requires annual approval of option plans by shareholders. ABU will propose that the option plan be ratified and approved by ABU Shareholders at the Meeting.

Equity Compensation Plan Information

Plan Category	**Number of securities to be issued upon exercise of outstanding options, warrants and rights**	**Weighted-average exercise price of outstanding options, warrants and rights**	**Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))**
Equity compensation plans approved by securityholders	200,000	$0.17	1,369,327
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
Total:	**200,000**	**$0.17**	**1,369,327**

MANAGEMENT CONTRACTS

The management functions of ABU are not to any substantial degree performed by any person other than the senior officers and directors of ABU.

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS

None of the directors, executive officers and senior officers of ABU or any of its subsidiaries, proposed nominees for election or associates of such persons is or has been indebted to ABU (other than routine indebtedness) at any time for any reason whatsoever, including the purchase of securities of ABU.

Non-Arm's Length Party Transactions

In the past 24 months, other than as set out below, no person who is a director or officer of ABU, nor any securityholder disclosed in this Filing Statement as a principal securityholder, nor any associate or affiliate of the foregoing, has had any material interest, direct or indirect in any transaction or in any proposed transaction involving ABU and any acquisition of assets or services or provision of assets or services. The proposed Arrangement and RTO are Arm's Length Transactions.

During the nine months ended September 30, 2010, ABU paid $22,500 to J. Lewis Dillman, a director and officer of ABU, as remuneration for management and administrative services.

During the year ended December 31, 2009, ABU paid $30,000 to J.Lewis Dillman as remuneration for management and administrative services.

During the nine month period ended September 30, 2010, ABU paid $16,489 to Jamie Lewin, a director of ABU, for accounting services.

During the year ended December 31, 2009, ABU paid $7,060 to Jamie Lewin for accounting services.

The foregoing transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

ABU also paid directors' fees of of $1,000 per month, commencing in January, 2010, to each of the following Directors: Joseph Lewis Dillman, Jamie A Lewin, David Parry, Sean McGrath, and Stephen Polakoff.

Legal Proceedings

ABU is not a party to, and none of ABU's property is the subject matter of, any legal proceedings, and no such proceedings are known to ABU to be contemplated by any party.

Auditor, Transfer Agent and Registrars

ABU's current auditor is PricewaterhouseCoopers LLP, Chartered Accountants, of Vancouver, British Columbia. The transfer agent and registrar of ABU is Olympia Trust Company, at its Vancouver, British Columbia, office.

Material Contracts

Other than the Arrangement Agreement, the Share Exchange Agreement and the Agency Agreement, ABU is not a party to any material contracts. Copies of the foregoing agreements are available for inspection at www.SEDAR.com and at the head office of ABU during ordinary business hours until the closing of the Transaction and for a period of 30 days thereafter.

SCHEDULE "B"

INFORMATION CONCERNING SMW GOLD LIMITED

All information in this Filing Statement relating to SMW, its principals, and its business has been provided to ABU by SMW for inclusion in this Filing Statement. Management of ABU has relied upon this information without independent verification.

Name and Incorporation

SMW was incorporated on October 15, 2007, pursuant to the laws of Cyprus. Its registered office is located at 12 Kennedy Avenue, Kennedy Business Center, 2nd Floor, Office 203, 1087 Nicosia, Cyprus. The head office of SMW is located at Prospect Mira 7, str. 2, Moscow, Russia 129090.

SMW has no subsidiaries.

General Development of the Business

On October 1, 2007, SMW Engineering Ltd. ("**SMW Engineering**"), a shareholder of SMW, entered into the El Fawakhir Concession Agreement (the "**El Fawakhir Agreement**") and the Um Balad Concession Agreement (the "**Um Balad Agreement**" and together with the El Fawakhir Agreement, the "**Concession Agreements**") with the Government of the Arab Republic of Egypt ("**A.R.E**.") and the Egyptian Mineral Resources Authority ("**EMRA**" formerly the Egyptian Geological and Mining Authority, or "**EGSMA**"). On September 9, 2009, SMW Engineering assigned all of its right, title and interest to the Concession Agreements to SMW.

The Concession Agreements allow gold exploration, development, and if warranted mining in specified areas. The exploitation period will be twenty (20) years from the date of signature of the first exploitation lease. The exploitation period may be extended for an additional period of not more than ten (10) years, subject to approval by the Minister of Petroleum of the Arab Republic of Egypt(the "**Minister of Petroleum**").

Upon commercial production of gold and associated minerals, the A.R.E will own and be entitled to a royalty of four percent (4%) (the "**Royalty**") of the total quantity of gold and associated minerals produced and saved from the El Fawakhir and Um Balad Concession Areas during the exploitation period including its extension.

SMW will recover quarterly all costs, expenses and expenditures in respect of all the exploration, exploitation, and related operation under the Concession Agreements to the extent and out of fifty percent (50%) of all gold and associated minerals produced and saved from all exploitation leases within the areas ("**Cost Recovery Gold**")

The remaining percentage of total production of gold and associated minerals after the deduction of the Royalty and Cost Recovery Gold percentages, will be 50% - 50% between SMW and EMRA.

To the extent that the value of all Cost Recovery Gold exceeds the actual recoverable costs and expenditures, including any allowed carry forward, to be recovered in that quarter, then such Excess in Cost Recovery Gold will called "Excess Gold" and will be divided between EMRA and SMW, with EMRA's share being sixty percent (60%) and SMW's share forty percent (40%). The carry forward costs include exploration and exploitation expenditures of 25% per annum, per annum starting in the Tax Year in which expenditures are made and paid or the Tax Year in which initial Commercial Production commence whichever date is later, and "Operating Expenses", incurred and paid after the date of initial Commercial Production, will be recoverable either in the Tax Year in which expenditures are made and paid for or the tax year in which initial Commercial Production occurs whichever is the later date.

Tax exemptions have been granted on the extraction, production, export or transportation of the minerals, import of any equipment, as well as on withholding taxes.

A loan agreement between VNG Invest sprl ("**VNG**") and SMW was executed on January 5, 2009, whereby a line of credit of up to US$2,000,000 was extended to SMW. By letter dated February 5, 2010, VNG acknowledged that all payments made in favour of SMW and their designees were made on behalf of and at the request of Magnesium & Metals, Limited ("**Magnesium & Metals**") in partial satisfaction and repayment of existing debt owed by VNG to Magnesium & Metals. As at September 30, 2010, the total amount due from SMW to Magnesium & Metals was US$153,211.

On July 1 2009, SMW extended a line of credit of up to US$1,500,000 to Magnesium.com, Inc. ("**Magnesium.com**"). As of September 30, 2010, the total amount due from Magnesium.com to SMW was US$391,957.

As SMW did not have the liquidity to repay the debt facilities due to Magnesium & Metals, SMW and Magnesium & Metals mutually agreed to convert the remaining debt into equity, with Magnesium & Metals receiving 17,750 shares in the capital of SMW.

Significant Acquisitions and Dispositions

Other than disclosed above, SMW has made no significant acquisitions in the previous three years. SMW has made no significant dispositions in the previous three years.

Narrative Description of Business

Overview of Mining Business in Egypt

Gold and other minerals have been mined in the Eastern Desert region of Egypt since ancient times. During the past two thousand years, these ancient workings were periodically re-discovered by the Greeks, Romans, Byzantines, Arabs and Colonial Britain.

See the *"History"* sections in the description of the El Fawakhir Property and the Um Balad Property below for further details on mining in Egypt.

Mining Regulation in Egypt

Law No. 86 of 1956 of Mines and Quarries, as amended ("**Law No. 86**") established that all minerals and ore deposits, including gold, existing in mines and quarries in Egypt, including the territorial waters and in the seabed subject to its jurisdiction and extending beyond the territorial waters, are the property of the State.

Pursuant to the provisions of Law No. 86, the Minister of Petroleum may enter into a concession agreement with EMRA, and with SMW as a contractor, for exploration and exploitation operations for gold and associated minerals in the areas.

Environmental Regulation in Egypt

In June 1997, the responsibility of Egypt's first full time Minister of State for Environmental Affairs was assigned as stated in the Presidential Decree no.275/1997. From thereon, the new ministry has focused, in close collaboration with the national and international development partners, on defining environmental policies, setting priorities and implementing initiatives within a context of sustainable development.

According to the Law 4/1994 for the Protection of the Environment ("**Law 4/1994**"), the Egyptian Environmental Affairs Agency ("**EEAA**") was restructured with the new mandate to substitute the institution initially established in 1982. At the central level, EEAA represents the executive arm of the Ministry of State for Environmental Affairs.

Law 4/1994 has a greater role with respect to all governmental sectors as a whole. The law has been designated as the highest coordinating body in the field of the environment that will formulate the general policy and prepare the necessary plans for the protection and promotion of the environment.

Environmental controls in Egypt are considered to be strict, but reasonable.

There are no environmental or other protected "reserves" in the Eastern Desert region, except for the off-shore Hurghada Islands marine reserve.

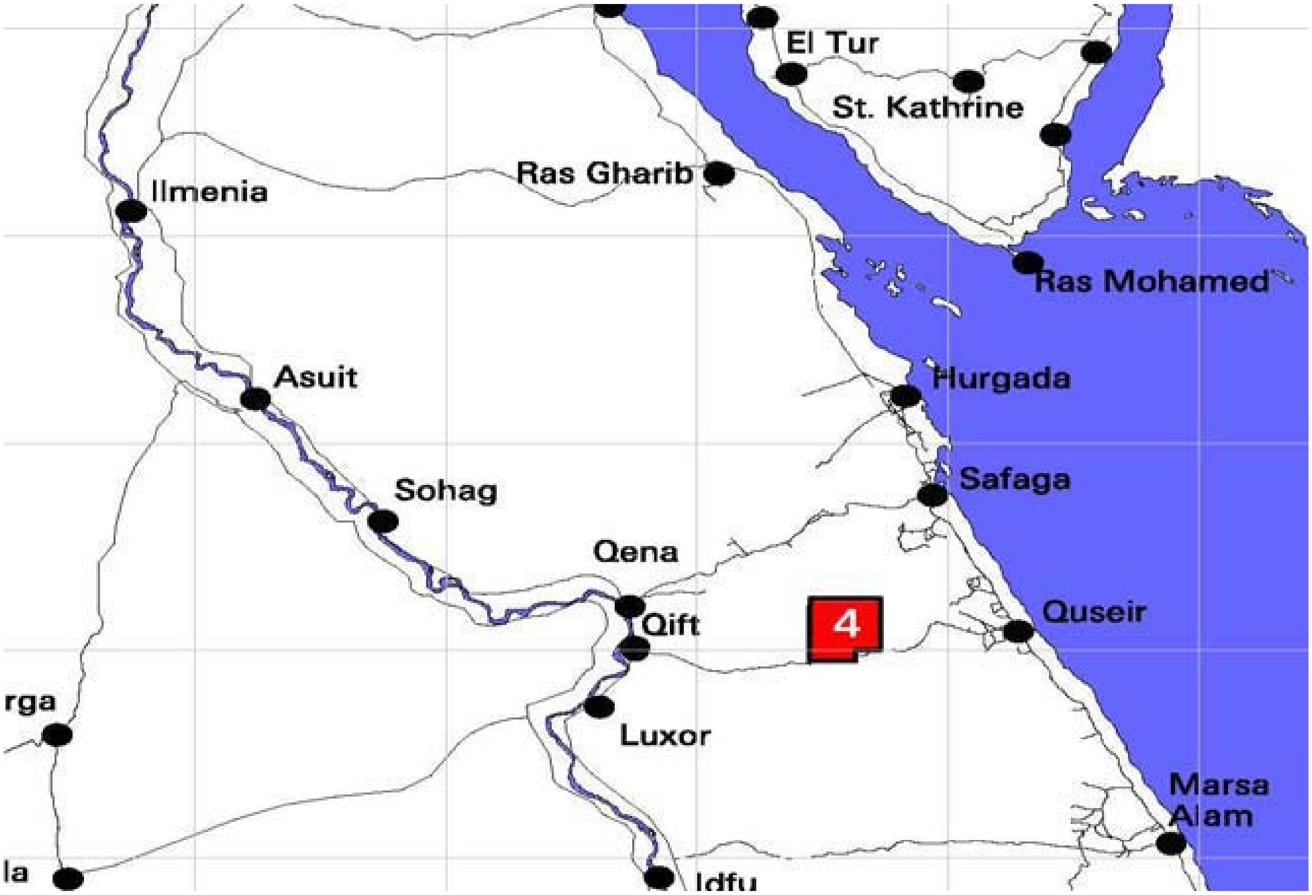
EL FAWAKHIR PROPERTY

The following description of the El Fawakhir Property is based upon information derived from the technical report entitled *"NI 43-101 Technical Report on the Fawakhir/El Sid Exploration Conseession Area in Egypt (Behre Dolbear Project Number J10-179"* dated December 16, 2010 prepared by Richard J. Fletcher, M.Sc., FAusIMM, MIMMM, C.Geol, C.Eng. of Behre Dolbear International Limited (the "**El Fawakhir Report**"). Further details with respect to the El Fawakhir Property are set forth in the El Fawakhir Report, which is available on SEDAR at www.sedar.com. Table, figure and bibliographical references referred to in the following description of the El Fawakhir Property refer to references in the El Fawakhir Report.*Property Description and Location*

The El Fawakhir Concession Area originally covered approximately 950 km^2.

Coordinates of the corner points of the El Fawakhir Concession Area are as follows:-
No. Latitude/North Longitude/East
1 26°15' 00" 33°27' 00"
2 26°15' 00" 33°44' 00"
3 26°00' 00" 33°44' 00"
4 26°00' 00" 33°38' 00"
5 25°57' 00" 33°38' 00"
6 25°57' 00" 33°27' 00

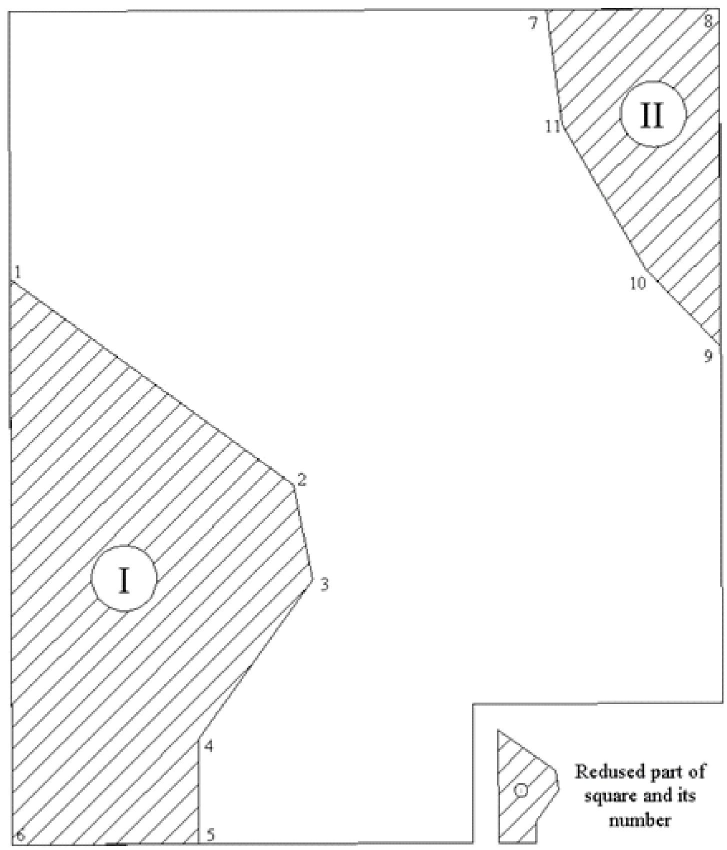
Figure 1 Map showing the El Fawakhir Concession Area (indicated with "4")



Scale 1:500,0000

In accordance with the the El Fawakhir Agreement, the El Fawakhir Concession Area was subject to a minimum 25% reduction in area at the end of year 1 (2009). Accordingly, the El Fawakhir Concession Area was reduced by 27.6% to 640.75 km2 on the basis of its general geological structure, as shown in Figure 2 below:

Figure 2 Reduced Concession Area



Point number	(UTM) m E	(UTM) m N	Old Egyptian	
1	545000	2893900	33°27' E	26°9'11" N
2	556300	2885700	33°33'40" E	26°4'43" N
3	557000	2882000	33°34'4" E	26°2'43" N
4	552500	2875600	33°31'21" E	25°59'16" N
5	552500	2871400	33°31'21" E	25°57' N
6	545000	2871400	33°27' E	25°57' N
7	566400	2904700	33°39'46" E	26°15' N
8	573300	2904700	33°44' E	26°15' N
9	573300	2891300	33°44' E	26°7'43" N
10	570350	2894300	33°42'7" E	26°9'21" N
11	567000	2900100	33°40'7" E	26°12'30" N
Total square, km^2			886.83	
Site I, km^2 183.47			183.47	

Point number	**(UTM) m E**	**(UTM) m N**	**Old Egyptian**
Site II, km^2 61.61			61.61
Reduced measure, %			27.6% to 640.75 km^2

Key aspects of the El Fawakhir Agreement with EMRA are:

- Production sharing agreement between EMRA and SMW Engineering (transferred to SMW) signed in October 1, 2007;
- 5 year exploration period;
- A minimum expenditure commitment of US$1,000,000 required in the first year and then a further US$5,000,000expenditure;
- 20-year exploitation lease with option for a 10-year extension;
- 4% royalty on gold (and other minerals produced);
- 50:50 production sharing after expense recovery; and
- tax exemptions on extraction, production, export and transportation of minerals, withholding taxes.

Accessibility

The El Fawakhir Concession Area is located in the Eastern Desert region about midway between the Nile River valley and the Red Sea coast. The area is accessible from Cairo via the dual-carriageway asphalt road along the Red Sea coastline to the small town of Quseir (400 km, 5 hours), and then can be accessed from Quseir (80 km, 1 hour) via the asphalt road that links Quseir with Qift and Luxor in the Nile valley. Most parts of the area can be accessed along the main wadis (dry valleys) by rough desert tracks that are only suitable for 4-wheel-drive vehicles. The steep, rocky, hills between the wadis are only accessible on foot. Provision for access to water and surface rights is included in the terms of the El Fawakhir Agreement.

Climate

The El Fawakhir Concession Area has an arid climate, dominated by hot summers and mild winters. The average annual precipitation is about 17.4 mm which falls mainly in the late summer (July to October) period. The monthly mean temperature varies between 24° and 38°C during the summer; and between 12° and 26°C during the winter. The relative humidity varies between 28% in summer and 57% in winter. The predominant wind direction is from the north.

Local resources

There are no significant local resources in the El Fawakhir Concession Area which is virtually uninhabited. EMRA has retained the old mine camp and mining facilities at the El Sid gold mine and some of the buildings are being rented by SMW for use as an exploration camp.

Infrastructure

There is little infrastructure in the Eastern Desert region and the population is sparse, consisting of small coastal settlements and semi-nomadic tribespeople.

There are international airports at Luxor that serves tourist sites in the Nile valley; and at Hurghada and Marsa Alam on the Red Sea coast that serve the extensive development of tourist resorts and marine centres.

The Eastern Desert region is served by the port of Suez in the north, which has modern container handling facilities, an oil refinery and a major airport. There are small, but reasonably modern port facilities at Port Safaga and also facilities about 10 km north of Quseir that service the phosphate mines.

The Eastern Desert area is bounded to the west by a single track railway and a bitumen road which follow the Nile River between Cairo and Wadi Halfa on the Sudan border. To the east, the area is bounded by a modern bitumen road which follows the Red Sea coastline from Suez to Halaib on the Sudan border. These two transport corridors are linked by several connecting roads which traverse narrow valleys through the hills. There is also a railway that connects Port Safaga to the Nile valley railway at Quena, although this now appears to serve only the phosphate mines. Away from these roads, access is restricted to rough, unformed tracks suitable only for four-wheel drive vehicles.

There are high-voltage electric transmission lines along the coast road and along the Nile valley.

Physiography, Vegetation and Environmental Constraints

The Eastern Desert region of Egypt forms a narrow north-south trending strip of land located between latitudes 22°N and 30°N and longitudes 30°E and 36°E, between the Nile River valley and the Red Sea coast. The area consists of a dry, dissected plateau ranging from 500m to 2000m above sea level. The area is dissected by a large number of wadis (dry valleys) that drain from the mountainous interior towards the Red Sea coast following the general eastwardly slope. Ground-water resources originate mainly from the occasional rainfall that soaks into the loose wadi sediments and accumulates in basement depressions or is trapped by faults and buried dykes. Ancient water wells such as Bir Nakhil, Bir um Fawakhir, Bir Ain El Gazalle, Bir Hammamat and Bir el Laqeita are located along the ancient Pharonic Road between Qusier and Qift, with other wells along the ancient Roman Road at Bir Sartut, Bir Abu Had, Bir el Gendi and Bir el Shalul.

The El Fawakhir Concession Area consists of typical rocky desert that is almost completely devoid of vegetation.

There are no environmental or other protected “reserves” in the El Fawakhir Concession Area, or in the surrounding Eastern Desert region. However, access to much of the area is restricted to protect the extensive archaeological remains that occur throughout the area.

History

<u>Mining in the Eastern Desert</u>

Gold and other minerals have been mined in the Eastern Desert area since ancient times and this was a major source of wealth for Ancient Egypt. During the past two thousand years, these ancient workings were periodically re-discovered by the Greeks, Romans, Byzantines, Arabs and Colonial Britain. One of the first Ancient Egyptian gold-mining sites to be studied archaeologically (by the Oriental Institute of the

University of Chicago in 1992, 1993 and 1996) was the Bir Um Fawakhir gold-mining settlement that housed more than 1,000 people who worked the gold mines. It was also an important caravan station serving traffic travelling between the Nile and the Red Sea.

During the period 1900 to 1950, British companies developed several small-scale gold mines in the Eastern Desert region, notably at El Sid, Fawakhir, Sukari, Barramiya, Kurduman, Hangliya, Um Uud, Um Rus and Abu Dabbab, but total gold production during this period amounted to less than 250,000 ounces.

In 1959, gold mining in Egypt was brought under the control of the government owned Egyptian Gold Mining Company that operated at six locations, namely, Fawakhir, El-Sid, Barramiya, Sukari, Atud and Umm Uud. All gold mining in Egypt ceased in 1962.

During the 1970s, geological mapping and mineral exploration was carried out with Assistance of Soviet Union, but this was terminated without any significant mining development having occurred.

Some limited exploration for gold and base-metals was carried out by British companies in the 1980s, mainly in the Barramiya and El Sid areas.

More recently, Egypt's extractive industry has focused on crude oil and natural gas along with marble and construction material from quarries. Petroleum and gas account for 15% of national GDP, compared to only 1% for the mining industry. The country has substantial mineral resources, including phosphate, coal, tantalite and significant deposits of other minerals. Egypt also has a substantial exploration potential for gold in the Eastern Desert.

Recently, the Government of Egypt initiated a series of reforms regarding its policies and institutional frameworks to pave the way for a more attractive business environment for domestic and international mining investments. In association with the International Finance Corporation ("**IFC**"), the government launched a Mining Policy Reform Project in 2007 for the Ministry of Petroleum and Mines represented by EMRA to initiate this reform process by streamlining investment procedures and reducing or eliminating bureaucratic obstacles wherever possible (IFC, 2009).

Recently, the Australian company Centamin Egypt Limited ("**Centamin**") began exploring for gold in Egypt in 1995 and examined many of the known deposits including, El Sid, Fawakhir, Um Balad, Abu Marawat and Barramiya, but, following their significant new discoveries at Sukari, Centamin relinquished their interest in most of these other areas. The discovery and development of the multi-million ounce gold deposit at Sukari, is the first significant new gold discovery in Egypt within the last 2000 years.

The Sukari gold deposit is hosted in a felsic (calc-alkaline) intrusive known as the "Sukari Porphyry" of granodiorite to tonalite composition with minor associated rhyolite and dacite. The gold mineralisation is hosted within a large, sheeted quartz-vein system within a shear zone. The Sukari Porphyry is about 2 to 3 km long and from 100 to 600 metres wide in outcrop with a north-easterly trend parallel to the regional structural grain. The porphyry dips to the east, at an average of 65° to 70°, with localised flexures ranging between 30° an 80°. Gold mineralization at Sukari is commonly localised in brecciated porphyry occurring with quartz and fine-grained pyrite as matrix to the breccia. Gold mineralisation at Sukari is related to the sulphide minerals; with pyrite the most abundant sulphide, followed by arsenopyrite. The sulphides occur disseminated in altered rocks and in quartz veins.The author of the El Fawakhir Report has been unable to verify the information relating to Sukari and the information is not necessarily indicative of the mineralisation on the El Fawakhir Property.

In 2005, Centamin was granted an exploitation (mining) licence, based on a feasibility study for a 4 to 5 million tonne per year mining operation. Following construction of the mine and processing plant at Sukari, commercial production started in October 2009. The Sukari deposit represents the first significant discovery resulting from the use of modern exploration and mining concepts in Egypt. Application of these concepts in other areas may result in further discoveries of large, low-grade, open-pit type deposits.

Gold Mineralization in the Eastern Desert

Gold occurrences are the most wide-spread and abundant of all the metalliferous deposits in the Eastern Desert, possibly because they have been the most intensely explored and developed. There are about 100 known gold-quartz vein deposits that were worked in ancient times. Some of these were re-worked during the period 1902 to 1958 when a total of 6.7 tonnes of gold was produced. The El Sid deposit was the largest of these (Kochin & Bassyuni, 1968).

The localization of gold mineralization in its present position was related to the action of hydrothermal fluids produced during thrusting, regional deformation (faulting and folding) and emplacement of "younger" intrusive rocks. These fluids leached gold along its pathways from source rocks that determined the geochemical association and ore-mineral assemblage of each resulting group of mineral localities. The known gold occurrences appear to form three possible mineralogical-lithological associations:

(a) Ophiolite group (schist-mudstone-greywacke series; sheeted basalts, altered ultramafic rocks (serpentinites and talc-carbonates) and metagabbro;

(b) Island arc group (volcanic, volcano-sedimentary rocks, gabbro-diorites, granodiorites and Dokhan volcanics); and

(c) Cordillerean-extensional group (pink and red granites as well as felsite porphyry and other felsic dyke rocks).

Each of these three tectonic groups possesses a specific mineral assemblage and geochemical association that is related to its source-rock type (Hassaan and El-Sawy, 2009).

The first group of gold occurrences usually occur as simple gold-quartz veins cutting mafic (ophiolitic) rocks of varying compositions. The distribution of these gold occurrences is similar to the distribution of the chromite-ilmenitenickel-copper occurrences and it is concluded that these gold occurrences represent a mineralogical characteristic of the ophiolite rocks. Most of these gold occurrences are small quartz veins (less than 1000m in length and 1m in width) which have little commercial potential except where they form larger multiple vein swarms or sheeted vein systems.

The second type of gold deposits is associated with the margins of granodiorite and diorite bodies intruded into the mafic rocks. Sukari is the largest and best-known deposit of this type. The Atallah, Fawakhir and El Sid deposits are also of this type.

Local History – El Fawakhir Concession Area

SMW's El Fawakhir Concession Area has been explored and mined for gold and other minerals since the early pharaonic times, as evidenced by the numerous and widespread ancient workings and their associated archaeological remains. These provide evidence of successive periods of activity that have been related to the periodic invasions of the Hittites, Phoenicians, Greeks, Romans, Byzantines, Ottomans and Colonial Britain.

The first documented exploration commenced in 1902 with the grant of exploration concessions to the British companies Egyptian Mines Exploration Co. Ltd., North Western Exploration Co. Ltd., and Central Egypt Exploration Co. Ltd.

By 1910, mining of high-grade quartz-vein gold deposits had commenced at Fawakhir and Atallah; and later in 1949 at El Sid. Operations continued sporadically until all gold mining was suspended by the government in 1959.

Atallah Gold Mine

The Atallah gold deposit is located at Latitude 26°11'N, Longitude 33°31'E, about 15km NW of the El Sid mine and about 9 km north of the Fawakhir mine. It is accessible from Bir Fawakhir by a good gravel road (1 hour) along Wadi Atallah, which joins Wadi Hammamat at Bir Fawakhir.

The basement rocks exposed in the mine area include an ophiolitic melange intruded by felsite and calc-alkaline granite. These rocks include, from the oldest to youngest, serpentinites and related rocks, rhyolite tuffs, felsites, the Atallah mine granite, sulphide-bearing quartz veins and post-granite dykes. The serpentinites and related talc-carbonate and talc-graphite schist country rocks, form prominent NW-SE trending ridges. The felsites and the Atallah mine granite intrusion form a low hill about 1.5 km in length and 1 km wide, that trends NNW - SSE (Osman et al, 1997).

The Atallah gold mine worked a zone of gold-sulphide bearing quartz veins that strike NE - SW and dip 65° SE, in the southern part of the granite mass. The individual en-echelon veins extend for about 275m along strike and vary from 0.2m up to 1m wide within a 2m to 6m wide shear zone. Gold mineralization at Atallah is closely associated with the zone of silicification (quartz veining) within the granite. Analysis of the sulphide-bearing quartz veins and granites from the Atallah gold mine revealed two phases of mineralization. The first phase consisted of disseminated arsenopyrite replacing feldspars in the granite. The second phase consisted of quartz veins in the granite with an assemblage of gold, pyrite, galena, sphalerite and chalcopyrite. Petrographic studies showed the gold occurs as free gold in quartz and as inclusions in pyrite and galena (Osman et al, 1997).

The ancient workings at Atallah were re-opened by a small syndicate under Mining Lease No 20 held by Atallah Ltd, (Messrs John Taylor & Sons) who worked at Atallah between 1914 and 1918. The mine closed in 1918 after producing gold with a value of £E 38,347 (Hume W F, 1937). In 1915, the mine was visited by a government Mines Inspector (Rogers, B M: 1916) who wrote the following description:

"*During 1915 the mine produced 3999 ozs of "Bar Gold" from 4115 tons of crushed ore. Most of the ore was mined from the 260ft level and the south stope below it. The No 1 Back Stope at the 170ft level which previously only carried low values had recently given much better results and was supplying ore tonnage with an unexpectedly good grade. The southerly side of the mine was practically worked out to the 'black country' (mafic volcanics) with the exception of what may be found below the existing bottom level. Other exploratory work has not been attended with such encouraging results so that the total quantity of ground ready for stoping was small and the end of the mine was said to be within sight.*

Two dumps of clean quartz were estimated to contain 150 tons of ore and a grab sample taken by (Rogers, B.M.: 1916) to represent the whole of the dumps, assayed at 55.45 dwts of gold per short ton. Two other dumps of party sorted fines were estimated to contain 130 tons. A similar grab sample was taken of these dumps and assayed at 14.95 dwts of gold per short ton. This gave a total of 310 tons of ore available, of which 130 tons contained a total of 97 ozs of gold, and 180 tons containing a total of 499 ozs of gold. This gave a grand total of 596 ozs in all dumps available. This ore is a good representative of the *development openings so far completed, and was no doubt extraordinary rich ore. The ore was sorted by hand at the mine site and then carted 15 km south to the Bir Fawakhir mine for processing*".

This mining district was briefly described by Sampson (in Hume, 1937):

"a small, but rich, vein extending for some 900 feet at the surface, and accompanied by several rather less important reefs which run more or less parallel to the main vein. The quartz varies in colour from pure white through various shades of blue to almost black, and contains amongst other minerals galena, pyrites and blende to a greater or less extent. The gold values vary from a few dwt up to as much as 15 oz to the ton (2240 lbs.). The quantity of base-metal sulphides visible to the naked eye affords, as a rule, an excellent criterion of the gold value of the ore".

Jenkins (in Hume, 1937) noted that: "six parallel veins strike in a north-east and south-west direction for about 800 feet and the old workings could be examined down to a depth of 150 feet. The dip of the veins is 50°SE, and they terminate to the south-west at the contact with a basic intrusion beyond which they have not been traced. The veins reach a maximum width of 47 inches. The proportion of silver : gold averaged about 1 : 3.5. The gold obtained by cyaniding showed an even higher content of silver, the latter forming nearly a third of the alloy".

At the present time, there are about 5000 tonnes of cyanided tailings at the mine site. These appear to be of fairly recent origin, perhaps dating from the 1930s, but there is no information available regarding when or by whom this cyanidation work was carried out.

The mine was also visited by a government Mines Inspector in 1943 (Howary, Inspector of Mines, 16 April 1943), who wrote the following description:-

"Nearly 5000 tons of probable and possible ore are indicated in the mine at present (1943). Carrying on development at the present rate, would indicate a further 5000 tons at the end of one year. Taking the average width of the lode at 1.3 ft., the ore obtainable from six development points in the mine per day would be 3.9 tons. In the very near future, more points will be available and this tonnage would be increased to 6 tons by working 3 further openings. The ore indicated in the mine at the end of that year would be as follows:- Developed ore during year = 5000 tons, Possible and Probable Ore available = 5000 tons, Less stoped ore = 640 tons, leaving Probable & Possible Ore = 9360 tons (Howary, 1943)".
Note : these are historical estimates and are not CIM/JORC compliant. They do not use categories for resource estimates as defined by CIM. A qualified person has not done sufficient work to classify the estimate as current mineral resources or mineral reserves. SMW is not treating the historical estimate as current mineral resources or mineral reserves as defined in NI 43-101. These historical estimates should not be relied upon. See the *"Mineral Resources and Mineral Reserves"* section below for a NI 43-101 compliant mineral resource estimate at El Sid/Fawakhir.

In 1971, the Atallah mine area was examined briefly by EGSMA/Technoexport.

In 1988, the mine was examined by Minex Minerals (Egypt) Ltd, who surveyed and sampled the existing mine dumps and cyanide tailings dumps and estimated there were about 5000 tonnes of cyanided tailings. These may relate to the mining activity described by Hume (1937) and Howary (1943).

Atallah Almur (Atallah East) Prospect

East of Wadi Atallah between latitudes 26° 07" and 26° 15", there are numerous alluvial workings and a few bed-rock workings for gold, scattered over an area of about 50 km^2.

In 1988, Minex Minerals (Egypt) Ltd, carried out regional mapping and exploration of this area, which consists of andesites, rhyolites and siliceous metasediments, all intruded by a granodiorite pluton. Andesites outcropped over most of the area and were fine-grained, homogenous, siliceous lavas with minor tuffaceous horizons. In the west, near Wadi Atallah, the rhyolites contain a silica-barite facies with occasional gossanous veins. In the east, a number of ironstone horizons outcrop. To the south and east of the andesites, there are slatey, fine-grained, siliceous rocks that may be metamorphosed sediments and sedimentary tuffs. In the north of the area, a biotite granodiorite intrudes the andesites. The contact is sharp with no observable metamorphic aureole or alteration. The principle structural trend is east-west, but in the north and east the regional northwest to southeast trend dominates.

Eleven small bed-rock workings were located within the area. Of these, 6 were small quartz veins, the other five being situated in shear-zones. The quartz veins were 10 to 40 cm wide and of white quartz with goethite-filled cavities. It is likely that there are more similar vein workings in the area. The shear-zones were 20 cm to 1m in width and composed of fractured and carbonate-altered country rock. Other than the carbonate alteration and occasional ferruginous alteration, no evidence of mineralisation was seen in these shear-zones.

Twenty-six rock-chip samples were collected from the old workings and also from the ironstones and silica-barite zones within the rhyolitic horizons despite the fact that these have not been worked. All the rock-chip results were poor, with only one sample yielding a value of 4.0 g/t Au.

Twenty-three heavy-mineral samples were collected from wadi sediments downstream from the alluvial workings, but only two yielded any trace of gold on panning.

Conclusions

The Atallah gold mine comprises one main quartz vein about 250m in length and about 0.35m wide, and several smaller and thinner parallel quartz veins in a granite host rock. The main vein was worked during the period 1914-18 and produced a few thousand tonnes of ore at an average grade of about 30 g/t.

At a later date, probably in the 1930s, about 5,000 tonnes of ore were treated by cyanidation, but there is no data available about this activity.

The size of the deposit suggests that it may be too small to justify commercial development on its own, but it could have potential for development as a low-grade, open-pit satellite operation to a larger mining operation close by.

Fawakhir and El Sid Mines

The Fawakhir and El Sid gold mines are located about 80 km west of Quseir and about 80 km east of Qift, adjacent to the tarred road joining the coastal town of Quseir and the towns of Qena and Luxor on the Nile River.

El Sid is located 3 km south of Bir Fawakhir (33°36’ E/26°00’ N). The El Sid mine was also known as the As Sudd ancient workings.

Fawakhir Mine

The Fawakhir mine is located at 33° 36’E/26°02’N, about 3 km north of the El Sid mine site.

The modern settlement at Fawakhir consists of a guard post, two tea houses, a mosque and a few buildings left from the abandoned mine. The settlement lies in a wide, flat, sandy area (c 7.5 km^2) surrounded by steep rocky hills dissected by numerous wadis. On the hillside to the west are a number of ancient mine workings, and at its foot is the important water well, Bir Umm Fawakhir. The ancient gold mine at Bir Umm Fawakhir was the subject of a 3-year archaeological survey in 1996 (Meyer, 1996). The main group of ancient ruins is situated in a long, narrow wadi hidden from the road by a spur of hills. Other, smaller clusters of ruins nearby have not yet been investigated.

The ancient workings are primarily open trenches running diagonally up the granite hill that follow the quartz veinlets intruded into altered/sheared granite.

The mine was worked between 1910 and 1912 by a British company (John Taylor and Sons), when it produced about 50,000 tonnes at a grade of about 1.2 ounces/tonne (37 g/t). The modern adit workings (dating from the 1910-12 period) extend about 100m horizontally into the mountain and are roughly two metres high, with two short side galleries and an air shaft. The granite is jointed, fissured and intensely altered in places.

It was also worked and the ore processed by cyanidation prior to the 1950s before being abandoned in about 1950.

Kochin (1968), who quoted Neubauer (1956), reported that about 30,000 tonnes of tailings were present at grades up to 3.63 g/t. Minex (1981) mapped and sampled the old tailing dumps and estimated that there were about 14,000 m3 at SG of 1.6 = 22,000 tonnes.

The weighted average assay results for each dump area were:

Dump 1 - 1.97 g/t

2 - 2.05 g/t

3 - 1.73 g/ t

El Sid Mine

The El Sid mine is located at wadi level at an elevation of about 400m above sea level. The hills on either side rise about 500m as steep rocky ridges to a height of 1060m. The main wadi is about 500m wide at this point but varies from 50m up to 2500m wide within a short distance of the mine.

The El Sid mine was Egypt's largest gold producer. It was worked between 1940 and 1957 when it produced some 3,110 kg (100,000 oz) of gold from 120,000 tonnes of ore, at an average grade of 27.9 g/t (Kochin et al, 1968). This was almost half the total Egyptian recorded gold production for this period. There are reported to be about 330,000 tonnes of waste rock and/or tailings averaging about 3 g/t Au left on surface.

The El Sid deposit consists of a zone of quartz veining within two ENE-WSW trending parallel shear zones up to 1500m in length and up to 100m wide, with a combined width up to 350m (Kochin et al, 1968). There are 11 large quartz veins at El Sid, which strike roughly east-west and dip south at angles of 26 to 65 degrees. The gold mineralisation is associated with poly-metallic sulphides in quartz veins. The sulphide minerals include pyrite, arsenopyrite, sphalerite and galena. The following is a contemporary account of the El Sid mine in 1950, when it was owned by Count de Lavison (extracted from Derry, 1951).

"The modern operators discovered the mine by starting to work the ancient tailings, which had about 4 penny-weight (6 g/t) of gold... Then they followed these tailings up the valley and discovered the vein itself; which had been lost for centuries. The vein is flat-dipping at about 30 degrees and is banded quartz with fine galena and sphalerite on the margins. The vein was from one to four feet wide and the quartz ran over an ounce per ton in gold. The mine had an inclined shaft and had seven levels, the lower ones opened from a winze. They were having some trouble following the vein on the bottom level. In one place ... one of the ancient miners' stopes that they had broken into was 250 feet down on dip and may have been anywhere from 2,000 to 3,000 years old.... At the time of my visit (May 1950) they were mining about 80 tons a day (of ore + waste). The sorted ore, amounting to 35 tons per day, was trammed to the mill which was straight cyanidation. Last year (1950) they milled 10,900 tons and recovered 10,729 ozs of fine gold and hoped to double this the following year (1951)."

Individual veins range up to 1.6m wide and were mined over strike length of about 900m and a vertical interval of 450m (1485 feet). About half of this vertical interval was from adits above wadi level (in Vein 151) and about half was below wadi level from the two main shafts.

Underground workings include 3 inclined shafts, with 4000m of drifts and winzes on 8 levels in the western part of the mine and 4 levels in the eastern part of the mine. The average gold content of the vein on Nos 2, 3 and 4 levels was 42.3 g/t Au over an average vein width of 0.52m (Gabra, 1986).

Significant mining was confined to the main vein, where 120,000 tons of ore at an average grade of 27.9 g/t gold were produced over 15 year period. The high-grade ore in the main vein is believed to be mined out. In 1956, it was reported that only 2832 tons of ore remained in pillars, at an average grade of 78 g/t Au.

A cross-cut between the main vein and the northern veins exposed a series of un-mined veins and veinlets in both the hanging-wall and foot-wall of the veins (Gabra, 1986).

At the present time (2009) the ground-water level in the mine is some 90m below the main shaft collar. The upper levels I-IV are accessible, but the lower levels are flooded.

In 1948, a new 30 ton/day gold treatment plant was installed at El Sid, after testwork showed that a high percentage of the gold could be recovered by cyanidation, either after amalgamation, or directly from ore. The plant used about 60 tons of water per day supplied from a single well on-site (Bir Fawakhir) (Anonymous, 1950).

In the period following closure of the mine, numerous geological, geochemical and mineralogical studies were carried out by EGSMA, often with Assistance of Soviet Union. Some of the results were published, as follows:

"Mineralization occurs within fissure-filling quartz veins exposed along the contact of the Fawakhir granitoid pluton with the host serpentinites and metagabbros. The main lode has been exploited for 280m along its strike by three inclined shafts, to a depth of 160m down-dip. The auriferous ENE-WSW trending quartz veins pinch, swell and bifurcate into smaller veins, veinlets and stringers and intersect other, barren, quartz veins that trend NNW-SSE and dip 54° SW, giving rise to a stockwork zone about 100m wide. The thickness of the exploited gold-bearing quartz veins decrease in the lower levels of the mine (Marraz, 1995)".

Gold mineralization in the El Sid area occurs with polymetallic mineralization of Au, Ag, Pb, Zn and As. The principal metallic minerals are pyrite, arsenopyrite, sphalerite and galena with associated quartz gangue and subordinate amounts of calcite. Pyrite and arsenopyrite are the most common minerals throughout the deposit. The sulphides occur as fine- to medium- grained disseminations in hydrothermal quartz veins up to 6m in thickness. The veins are accompanied by a series of contiguous veinlets and offshoots forming a vein zone over 100m wide. Large veins extend 900 to 1100m along their strike and about 450m down-dip (El Ramly et al., 1970).

El Bouseily et al (1987) carried out a multi-element, litho-geochemical survey, based on two sample traverses 150m apart and 600m long, across the mineralised quartz vein system at the El Sid mine.

Eighteen composite rock-chip samples, each covering about a 1.5m radius of the sample site, were collected from the least weathered outcrops along the traverses. The results showed that all the main metallic elements exhibited a direct relationship to the outcrop of the quartz veins. The results were summarised as follows:-

Element	Range ppm	Background ppm
Au	< 1.0 – 50.0	< 1.0
Ag	0.3 – 125	0.8
Cu	32 -721	< 30
Pb	20 – 415	< 20
Zn	30 – 3600	71
As	52 – 1800	62

Some of the most productive auriferous quartz veins extend into the meta-gabbro / serpentinite country rocks that are separated from the granite by a thick zone (ca 15 m) of graphite schist (Fig 19) where the shear zone consists of pockets of quartz and a mixture of graphite, carbonate and chlorite. The veins are formed mainly of massive milky-to-grey quartz with or without carbonate (calcite and siderite), chlorite and sulphide minerals. The principal sulphide minerals are pyrite, arsenopyrite, sphalerite, and galena. Chalcopyrite, pyrrhotite, bornite and covellite are rarely observed. The sulphide minerals occur as fine- to medium-grained aggregates and/or disseminations in the hydrothermal quartz veins. Gold and silver minerals are too fine-grained to be seen by the naked eye, but they have been identified from microscopic and geochemical studies of ore concentrates (Hume 1937; El Bouseily et al., 1985).

Harraz (1995) collected a total of 99 rock samples from the accessible levels in the eastern part of the underground mine workings at the El Sid mine (Fig. 19). Deeper levels in the mine were flooded. Each sample was collected as chip samples over an area of about 2 m^2. The collected samples included 62 samples of granitoid rocks, 37 samples of meta-gabbro, 35 samples of quartz veins and 27 samples of calcite veinlets and pockets of carbonate. Samples were split, crushed and then ground to pass through 100 mesh. The results (Table 5, Fig 20) showed that the gold and base-metal elements (Cu-Pb-Zn-Ag-As) formed a high-grade core adjacent to the faulted contact between the granite and the host volcanics and serpentinites. This high-grade zone showed a strong correlation with the graphite schist and associated basaltic volcanics that occur as a fault-bounded wedge of rocks along the granite- serpentinite contact. Both the gold and base-metal values decrease significantly within the granite and serpentinite rocks away from the contact zone. The mercury values appear to be concentrated in the weathered rocks above the water-table (Harraz, 1995).

A mineralogical study (El Bouseily et al, 1985) investigated the characteristics of pyrite, arsenopyrite, sphalerite and galena in hydrothermal quartz veins from the El Sid mine. These veins occur at the contact between granite and serpentinite and extend into the serpentinite through a thick zone of graphite schist.

Gold occurs in the mineralized zone either as free gold in quartz gangue or dispersed in the sulphide minerals. Microscopic study revealed that Au-bearing sulphides were deposited in two successive stages with early pyrite and arsenopyrite followed by sphalerite and galena. Gold was deposited during both stages, largely intergrown with sphalerite and filling micro-fractures in pyrite and arsenopyrite. Spectrochemical analyses of separated pyrite, arsenopyrite, sphalerite and galena showed that these sulphides have similar average Au contents. Arsenopyrite and galena show relatively high concentrations of Au, Ag and Te, but the pyrite is relatively depleted in Ag and Te.

Pyrite, arsenopyrite, sphalerite, galena and chalcopyrite were the main sulphides encountered, while bornite and pyrrhotite were minor constituents. These sulphides comprised 2% to 3% of the mineralized veins and commonly occurred as coarse to medium-grained crystal aggregates, disseminated throughout the mineralized zone.

Pyrite was the most abundant sulphide phase. It usually occurred as discrete crystals, 2 to 5 mm across. Gold specks were occasionally seen filling fractures in pyrite. These fractures also facilitated replacement and/or corrosion of pyrite by sphalerite, arsenopyrite and galena.

Arsenopyrite was a close associate of pyrite. Gold occasionally filled micro-fractures in arsenopyrite and as interstitial fillings.

Sphalerite was the most abundant base-metal sulphide at El Sid, occurring as coarse to medium-grained intergrowths with other sulphides, particularly galena. Both chalcopyrite blebs and gold blebs were observed in sphalerite. The gold inclusions in sphalerite were more common than gold inclusions in pyrite and arsenopyrite.

Galena was closely associated with sphalerite particularly at vein margins. Within quartz veins, fine streaks of galena were occasionally seen to occur associated with microcrystalline quartz in a comb-like structure. The galena contained small inclusions of pyrite, arsenopyrite and sphalerite of erratic distribution, but relative to other sulphides, rarely contained gold inclusions.

Chalcopyrite occurred mainly in the form of inclusions in sphalerite. Individual chalcopyrite grains were rare and only observed intergrown with fine-grained varieties of arsenopyrite and galena.

Gold inclusions occurred in virtually all sulphides and in quartz.

The sulphides were probably deposited in two successive stages. The first stage gave rise to a coarsegrained mineral assemblage predominantly of pyrite and arsenopyrite which were disseminated throughout the mineralized zone. The second stage gave rise to finegrained sphalerite, chalcopyrite and galena that generally fill micro-fractures in quartz and earlier formed sulphides.

<u>South El Sid</u>

The ancient workings at South El Sid are located about 1 km south of the El Sid mine. Neubauer (1956) reported that the ancient dumps at South El Sid were derived from open-pit mining of a zone of closely spaced gold-bearing quartz stringers within a 300m long N-S trending zone of silicification along the contact of the granitic intrusion. Numerous pits revealed stringers of quartz and calcite in the bedrock, but the ancient miners did not work to depths greater than 25m. The ancient dumps amount to about 10,000 cubic metres and contain about 0.5 dwts (0.75 g/t) of gold on average. Neubauer referred to three holes drilled at the southern end of the main dump. Two inclined holes intersected cavities at shallow depths and a third vertical drillhole intersected nothing of value.

Detailed exploration was carried out by EGSMA/Technoexport teams in 1970-1971, who reported that detailed prospecting showed the ancient dumps are situated along the contact between meta-volcanics and grandiorite, where quartz and quartz-calcite veinlets up to 15 cm wide, extend about 100m from the contact. There was also a diorite-porphyry dyke with traces of silicification and ferruginization exposed in the old stopes that had been selectively mined out. There were also shallow surface workings in iron-stained metavolcanics. 84 samples from the old workings yielded gold values up to 20.5 g/t in quartz and quartz-calcite veins, up to 3.4 g/t in the diorite porphyry dyke, and up to 0.34 g/t in the iron-stained zones.

Minex (1990) mapped and sampled the area of the old waste dumps and recorded a total of 93 ancient pits and trenches in and around the dumps. The ancient workings appeared to have exploited mineralisation associated with quartz-calcite stringers, altered volcanics and porphyry dykes. The veins were all thin and strike east-west. However, the area of old workings extends north-south, roughly following a zone of silicified, carbonated and ferruginious volcanics along the granite contact. Minex estimated the dumps contained about 50,000 tonnes of material that, if it is representative of the body of auriferrous rock beneath the old mined area, could be indicative of a large, low-grade deposit. In order to test this potential, a short percussion drill programme was undertaken by Minex in October 1989. A total of 13 holes were drilled for a total of 377m. Individual holes ranged from 12m to 54m in depth at a 45° or 60° declination. Some of the holes had to be discontinued because they intersected cavities. Though the country rocks were well pyritised, the drill-hole samples all returned assay values of less than 0.2 g/t Au. Minex concluded that the ancient miners worked only the thin quartz stringers, leaving the barren wall-rock as waste.

Regional Geology of the Eastern Desert

Between the Red Sea and the Nile River valley, Precambrian rocks outcrop as a long, narrow, strip of mountainous terrain about 100 to 200 km wide; and extend 800 km from the Sinai Peninsula in the north to the Sudan border in the south. The Precambrian geology is complex as the area has been subjected to intense dynamic and thermal metamorphism, accompanied by the intrusion of a variety of igneous bodies, over a long period of time.

These Precambrian rocks are overlain, both to the west and to the east, by Mesozoic and Tertiary sediments.

<u>The Granite-gneiss</u>

The oldest rocks, which have yielded age dates of 900 to 1200 million years ago (“**Mya**”), are thought to be a basement granite-gneiss complex that outcrops in the Sinai Peninsula and west of the Nile River. These are thought to represent windows of the older Kibaran craton which underlies much of north and west Africa. These rocks consist of felsic to intermediate gneiss, migmatite and anatectic granitoids. These high-grade metamorphic rocks do not contain any significant gold or base-metal deposits.

<u>The "Older" Granites</u>

These syn- and post-orogenic grey granites and granodiorites occur throughout the Eastern Desert, but rarely contain any minerals of economic interest. Some alluvial tin deposits developed from the erosion of these granites have been investigated and the best areas appear to be at Nuweibi where an alluvial tin deposit was outlined; and Abu Dabbab where a tin-tantalum deposit was located.

The Shadli Volcanics and meta-sediments

The Shadli Volcanics and meta-sediments consist of a sequence of dacite, latite and rhyolite volcanics and volcanoclastics, usually altered to lower greenschist facies. They form a discontinuous line of narrow outcrops between Safaga and Bernice in the eastern part of the area. In the area around the Urn Samjuki copper deposit, they form several phases of basaltic to rhyolitic volcanism which have yielded age dates in the range of 710 to 770 Mya.

The Ophiolite Sequence

The granitic basement rocks are overlain by an assemblage of mafic and ultramafic hypabyssal and volcanic rocks which have yielded age dates in the range of 500 to 650 Mya. Some recent workers have interpreted these mafic rocks as a "melange" of oceanic crust (ophiolite) obducted onto the older continental "craton" which underlies the area to the west. The ophiolite sequence is thought to have been thrust from the east or northeast as a crude "nappe" structure, or as a series of imbricate wedges, onto an older craton, which would account for the tectonically dismembered nature of the outcrops.

The tilting and dismembering of the overthrust "nappe" has exposed a complete section through the oceanic (ophiolite) crust, from the deepest ultramafic mantle rocks, through the overlying gabbro-diorite hypabyssal rocks, to the near surface basalts and pillow lavas. Often, the basalt volcanics are overlain by marine sediments which may include late stage felsic volcanic and exhalative components such as banded-iron-formations (BIF’s). The typical ophiolite succession may include, from top to bottom:

• Marine sediments (oceanic layer 1) - siltstones, mudstones, calcarenites, limestones, marbles, cherts, iron and manganese "BIFs", felsic volcanics and volcano-clastics;

• Mafic volcanics (oceanic layer 2) - pillow-basalts, andesites, volcano-clastics and dolerite dykes;

• Mafic Hypabyssal rocks - diorites, diabase, gabbros; and

• Ultra-mafic Hypabyssal rocks - hartzbergites, peridotites, dunites and serpentinites.

In the Eastern Desert, the most complete sequence of ophiolite rocks occurs along the Qift to Quseir road, where there are strongly sheared, serpentinised dunites, peridotites and gabbros. These are overlain by a thick sequence of mafic lavas and soda-rich pillow-basalts with some minor mafic to intermediate intrusives and volcano-clastics of the Muweilih Formation (layer 2). These are, in turn, overlain by calcareous pelitic and psammitic schists with minor bands of marble and graphitic chert of the Khors Schist (layer 1). This exposure is reflected in the wide range of minerals found in this area; from the chromite-ilmenite-magnetite of the hypabyssal rocks, through the nickel-copper-cobalt-gold of the mafic layers, to the iron-copper-lead-zinc-manganese of the uppermost felsic volcanics. Gold is the most widespread mineral and occurs as gold-quartz vein-type deposits in all rock types throughout the stratigraphic sequence.

The Hypabysal Rocks

The Hypabysal Rocks outcrop in a broad arc from near Port Safaga to just south of Marsa Alam; and in a second arc from near Ras Banas to Halaib. These hypabyssal rocks are generally ultra-mafic to mafic dunite and peridotite, diorites, mafic volcanic and volcano-clastic rocks, which are often altered to serpentinites, talc, chlorite and biotite schists of lower greenschist facies. In the El Geneina area, east of Aswan, these rocks include peridotites, pyroxenites, olivine gabbros and meta-gabbros which are flanked by diorites, epidiorites and amphibolites (meta-basalts) and with spillitic pillow-lavas and jaspers just to the north. At Zagrat, just south of El Geneina, serpentinite breccias are thrust over pillow-lavas and the underlying composite dyke zone.

The Mafic Volcanics (Dokhan Volcanics)

The Mafic Volcanics (Dokhan Volcanics) consist of a thick sequence of pillow-basalts, andesite flows and volcanoclastics, usually altered to lower greenschist facies. They outcrop as two broad arcs extending from Safaga to Marsa Alam and from Marsa Alam to the Sudan border in the south.

The Oceanic Sediments

The Oceanic Sediments overlay the volcanics. They have been described as "flysch"-type geosynclinal sediments and include deep-water turbidites of mudstones and greywacke. They also include thin units of calc-pelites, marbles, graphitic shales, banded ironstones and jaspers. At Abu Swayel, these sediments include pelagic limestones and argillites (layer 1) overlying contorted cherts and basic pillow lavas (layer 2). These are often overlain by arenaceous "molasse" type meta-sediments of the Hammamat Group, including siltstones, greywackes, arenites and conglomerates.

The Mesozoic and Tertiary "Cover" Rocks

Palaeozoic sediments are absent in the Eastern Desert and the Precambrian rocks are overlain unconformably by Cretaceous Nubian Sandstone. Along the Nile River in the Aswan area, the Nubian Sandstone is up to 120m thick and contains sub-economic "oolitic" iron deposits and the Duwi phosphate deposits. Along the Red Sea coast, the Precambrian rocks are overlain by a sequence of Tertiary marine and lacustrine sediments comprising limestones, chalk, shales, sandstones and conglomerates. These rocks contain the lead-zinc deposits at Um Gheig, Zug El Bogar, Anz and Gebel Rusas and manganese deposits in the Eiba area; as well as a wide range of non-metallic minerals.

Deposit Types

All the known gold mineralisation in the El Fawakhir Concession Area consists of typical gold in quartz vein type deposits. These may occur as single veins or as complex vein stockworks.

The mineralisation at Fawakhir and El Sid (and at Atallah) is hosted in a felsic intrusive known as the “Fawakhir Granite Porphyry” with minor associated rhyolite and dacite phases, which is about 5 km in length and from 200 to 1000 metres wide, with a north-easterly trend parallel to the regional structural grain. The close relationship between the gold-quartz vein mineralisation and the contact zone between the granite and the mafic volcanic host rocks, is similar to that which occurs at the Sukari gold mine about 100 km to the south and also at the old Atallah gold mine about 15 km to the north.

Mineralization

The gold mineralisation at Fawakhir, El Sid and Atallah is hosted within sheeted quartz-vein systems within extensive, low-angle, E-W trending shear zones in the host granitic and volcanic rocks as described below, Gold mineralization is commonly associated with fine-grained pyrite and other sulphide minerals; with pyrite being the most abundant sulphide, followed by arsenopyrite. The sulphides occur disseminated in quartz veins and in the altered host-rock between the veins. The gold mineralisation is similar to that which occurs at the Sukari gold mine about 100 km to the south and also at the Atallah gold mine about 15 km to the north.

Exploration by SMW (2008-2010)

During the period 2008 to 2009, SMW carried out systematic mapping and sampling of the geological structure of the El Fawakhir Concession Area. This was based on satellite image interpretation (Landsat, Alos, Google) and creation of geological maps at 1:50,000 scale.

The results of this work were recorded in four reports:

• Summary information report on the results of work on the Fawakhir licensed area during the first six months of 2008 year;

• Summary information report on the results of work on the Fawakhir licensed area during May-December of 2008 year;

• Annual information report on the work on Fawakhir licensed area during January 2008 – May 2009 year; and

• Information report on works carried out at El Sid ore field of Fawakhir licensed area in 2008 -2009.

The geology of the host rocks and the mineralised vein structures has been described in detail for each of the main mineralised areas at Atallah, Fawakhir, El Sid and South El Sid in the exploration history section above. One of the principal outcomes of the SMW work has been the production of more accurate and detailed geological maps than previously available.

Local Geology of the El Fawakhir Concession Area

The results of the systematic geological mapping and geochemical sampling programme, has resulted in new insights into the extent and distribution of the ancient gold mining activities and into the geological controls of the gold mineralisation. The key result was the recognition that most of the ancient gold mining activity was confined to a narrow NNW – SSE trending "corridor" about 30 km long and about 3 km wide. This gold bearing "corridor" coincides with a series of lenticular granite intrusions that are similar to that which hosts the Sukari gold deposit about 100km to the south. Mapping indicated that the ancient gold mining activity in the El Fawakhir Concession Area is related to E-W trending quartz veins intruded into tension fractures along the western margin of these granite intrusions.

The Fawakhir and El Sid mines, as well as other known auriferous zones, consist of quartz vein stockworks, located on or close to the western margin of a biotite-granite intrusion that forms a N-S trending elongated mass, about 7 km in length and from 2 to 3 km wide. The wall-rocks include a faulted and locally foliated melange of mafic volcanics, metagabbro and serpentinite (Marten, 1986). The Atallah mine further north occurs on the western margin of a similar granite intrusion about 5km long and 3 km wide.

Atallah Mine Area

The area around the old Atallah mine was geologically mapped and the mineralisation was found to consist of a series of narrow (<1m) en-echelon quartz veins intruded into a 5 to 10m wide shear zone.

The main gold bearing vein structure was trenched along three profiles about 80m apart and the bottom of the trench was cleaned and channel sampled with samples over continuous 1.5m intervals. In total 82 samples were collected.

Fawakhir- El Sid Area

The Fawakhir / El Sid goldfield includes two old mines at El Sid and Fawakhir, numerous ancient gold workings at South El Sid, El Sid North I and II, and Fawakhir II and III, as well as several other prospective areas. The goldfield extends over a 14 km^2 triangular area (about 8.5 km N-S and 1 to 3 km E-W), along the western contact of a granitic intrusion. More than 300 gold-bearing quartz veins zones have been mapped within this area. Most of them are less than 200m in length and their thickness rarely exceeds 0.5m. The largest individual vein is 1100m long and up to 1.5m wide. All the known gold-bearing veins have been mined in ancient times.

At El Sid, 390 ancient excavations (220 trenches and 170 shafts) have been mapped with a total length of about 4 km. At El Sid South 330 ancient excavations were found (140 trenches and 190 funnel-shaped) with total length of about 5 km. The cumulative extent of all of the ancient excavations, including Fawakhir, Fawakhir II and III and North El Sid I and II, is about 14 linear km. These excavations rarely exceed depths of 10 to 15m.

Fawakhir Mine Area

The Fawakhir mine exploited a zone of quartz veins located along the contact zone of a granodiorite intruded into serpentinised ultra-mafic rocks and diorites of the Dokhan Volcanic Series. The E-W trending veins and small stockwork zones were traced over a strike length of 350-500m, with a surface outcrop width of 15 to 40m. Individual veins dip 40° to 65° SE and are up to 1.5m wide and 540m long.

Observation of the mineralised zone in surface outcrops indicated that individual quartz veins were mostly less than 2 cm wide, but the vein density varied from less than 1 vein per metre up to 6 veins per metre. The larger veins generally dip to the south at angles of 40° to 70°.

Channel sampling of the main (southern) mineralised zone (Zone 1) at Fawakhir, together with sampling in the three underground adits, showed that the individual high-grade quartz veins were dispersed within a much wider (20 to 40m) zone of shearing and hydrothermal alteration which carried low-grade (1 g/t Au) gold values.

At Surface, the Fawakhir -1 deposit was channel sampled along 4 lines. Based on results of this sampling, using 0.3 g/t cut-off grade, two parallel mineralised zones were determined, joining into a single 43m wide zone in the central part. The average gold grade, weighted by the width, is 1.2 g/t.

The walls of the accessible adits (underground excavation), intersecting the southern mineralised structure close to the wadi at depths of 15 to 30 m, were partially channel-sampled along one wall of the adit. In total, 80 channel samples were taken. In the longest adit (No 1) two mineralised sections were determined, 1.1m and 3.6m wide, with average weighted gold grade of 15.87 g/t and 6.2 g/t, respectively. In Adit No.3, located higher up the slope, one mineralised interval was 0.8m wide at 1.76 g/t Au. In Adit No.2 about 100m further east, two mineralised intervals of 2.02m and 1.0m wide at 1.75 g/t Au were determined.

Fawakhir Zone 2

The Fawakhir Zone 2 mineralisation is located parallel to and about 100m north of Zone 1 and it is similar in both size and gold content to that at Zone 1.

In the northern sector (Zone 2) at Fawakhir there are 4 veins extending for 200 to 300m along strike with an average thickness of 0.2 to 0.3m. The gold is associated with the sulphide minerals, pyrite and chalcopyrite, in a quartz-calcite gangue. In the northern sector the gold content in 51 samples averaged 1 g/t and in 3 samples ranged from 2.06 to 13.38 g/t. As there is no sub-surface geological or sample data for Zone 2, no resource estimate can be made for Zone 2.

These substantial zones of low-grade mineralisation indicate that Fawakhir has potential for the possible discovery of a low-grade, open-pit gold deposit.

El Sid Mine Area

Geological mapping and trench sampling of the El Sid mine area confirmed that mineralisation occurs over an extensive E-W trending zone of sheared and altered rock that extends across the contact between the granite and the mafic volcanic host rocks. At the surface, the mineralisation may be considered to form two parallel zones which are each about 50m wide and up to 900m in length. The two zones are separated by a less intensely mineralised block of ground about 100m in width. Other veins on the eastern side of the main wadi that were worked at the surface in ancient times are also of interest.

Spectrographic analysis of trench samples (E101-112 and E201-215) from the outcrop of the El Sid main vein about 100m to 200m northwest of the main shaft showed a 2m to 5m wide zone of alteration on either side of the mined-out quartz vein. The spectrographic analytical values showed that this alteration zone was enriched in Au, Ag, Al, Ba, Ga, K, La, Na, Sr and Ti, and that it was depleted in Ca, Cr, Mg, Ni and Sb. The Cu, Pb and Zn values were not noticeably anomalous, contrary to what would normally be expected.

The detailed geological mapping and sampling indicates that the mineralised zones are cut by several NNE-SSW trending post-mineral faults that in places coincide with the deeply incised valleys. These faults appear to disrupt the mineralised zones with the west side being displaced northwards and the east side being displaced southwards. The total displacement seems to be about 150m.

The El Sid mineralized zone was sampled on the surface by five lines of channel samples. Based on results of channel sampling contoured at 0.3 g/t cut-off grade, the mineralised zone varies from 8.7 to 24m wide and the average gold values vary from 0.98 to 1.57 g/t. Average grade, weighted on the width of the 5 sections, was 1.13 g/t. It is noted that the richer part of these gold-bearing veins were mined out in ancient times and therefore could not be sampled. In grab-sampling the remaining pillars of these veins, which was done by the previous researchers, the gold grade was found to vary from 3.4 up to 18.2 g/t, whilst the average grade of the 11 veins sampled in the main part of the mine was 9.0 g/t Au. Accounting for the effect of these gold-rich quartz veins, which make up about 5% of the total volume of the zone, could increase average grade by about 0.6 g/t, to the level of 1.73 g/t Au. The waste dumps from the ancient mining at the deposit were grab-sampled and the 351 samples assayed averaged 2.05 g/t Au.

Parallel to and 50 m south of Zone 1 is the El Sid Zone 2 mineralisation that includes 12 parallel (or en-echelon) vein-structures. The width of Zone 2 at the western end is about 50m and channel sampling on two lines across the western part yielded average gold values of 10m at 0.35 g/t and 5.8m at 1.84 g/t Au. At the eastern end, where it is only 20 m wide, channel sampling (line 96) showed two sections of 9.2m at 0.47 g/t and 3.9m at 0.75 g/t Au, respectively.

About 100m south of and parallel to Zones 1 and 2 are the smaller and less well mineralised Zones 3 and 4, and another 100m south is the smallest Zone 5.

This substantial zone of low-grade gold mineralisation indicates that the El Sid mine area has potential for the discovery of a possible low-grade, open-pit deposit, as the close relationship between the gold mineralisation and the granite contact at El Sid is geologically similar to that which occurs at the Sukari mine about 100 km to the south.

The El Sid quartz-vein and hydrothermal alteration system has not been explored at depth except in the old mine workings that are currently inaccessible (see Section 6 above). However, if access to the old mine workings could be made, the mineralisation at depth could be investigated by means of cross-cuts or horizontal boreholes advanced south and north from the underground workings on the main vein.

Therefore, only an Inferred Mineral Resource estimate, based on surface sampling data and the knowledge that the mineralised vein in the underground workings extend to depths of several hundred metres, can be considered. Due to the uncertainty that may be attached to Inferred Mineral resources, it cannot be assumed that all or any part of an inferred Mineral Resource will be upgraded to an Indicated or Measured Mineral Resource as a result of continued exploration. Confidence in the estimate is insufficient to allow the meaningful application of technical and economic parameters or to enable the evaluation of economic viability worthy of public disclosure. Inferred Mineral Resources must be excluded from estimates forming the basis of feasibility or other economic studies.

South El Sid Area

The ancient workings at South El Sid are located about 1 km south of the El Sid mine. Neubauer (1956) reported that the ancient dumps at South El Sid were derived from mining a zone of closely-spaced gold-bearing quartz-calcite veins and stringers up to 15 cm wide, within a 300m long and 100m wide zone of silicification along the N-S trending contact of the granitic intrusion.

Geological mapping by SMW found that the ancient workings extended discontinuously around the southern margin of the granite intrusion over a total distance of about 4 km. Many of these ancient workings do not appear to have been previously recorded.

Waste dumps from the ancient workings were sampled by grab sampling about 12 to 14 kg of material. Gold values in the 23 grab samples from the ancient waste dumps at El Sid South averaged 2.3 g/t Au.

84 grab samples from the old workings at South El Sid yielded gold values up to 20 g/t in quartz and quartz-calcite veins, up to 3.4 g/t in the diorite porphyry dyke, and up to 0.34 g/t in the iron-stained zones.

Drilling

There are no available records of any drilling in the El Fawakhir Concession Area.

The current interpretation of a multitude of small, quartz lenses with substantial intervening comparatively low-grade waste provides encouragement that a significant mineral resource can be outlined. Core drilling will be required to confirm the geological interpretations and demonstrate the potential for defining an economically viable mineral resource.

Sampling and Analysis

The samples were collected, prepared and dispatched to the laboratory by employees, officers, directors or associates of the vendor. SMW, although based in Cyprus, is a company of Russian origin that employs Russian geologists and uses a standard set of methods and procedures based on the formal Russian State approved methodology, for all the geochemical, rock-chip and trench channel samples collected during their exploration programmes. This methodology is of a high standard and compares favourably with western best industry practice. Therefore, Behre Dolbear considers that the samples were:

- Of good quality;
- As representative of the material sampled as the method allows;
- Not subject to any bias resulting from the sampling method or approach;
- Appropriate for the rock types, geological controls and widths of mineralised zones; and
- Considerate of any other parameters relevant to the sampling interval.

Geochemical sample collection

Geochemical surface soil and sediment surveys were carried out along samples lines orientated NNW-SSE in order to identify the extent and distribution of the mineralised areas. These surface soil geochemical samples were collected at 100m intervals (50m in areas of interest) along foot traverse lines 500m apart, based on hand-held GPS positioning. The samples each consisted of about 200g of fine sieved soil material. In total 10,928 samples were collected, but only 720 of these geochemical samples were sent to the All-Russian Scientific Research Institute of Mineral Resources ("VIMS") in Tula, Russia, for multi-element (35 elements plus Au) spectrographic analysis. The Tula Laboratory has ISO 17023-2000 accreditation, but apparently used a proprietary method based on separation and analysis of the magnetic fraction of the sample. In view of the Tula Laboratory's non-conventional assay methodology, Behre Dolbear has disregarded this data. However, if these samples were analysed by a conventional method such as ICP, then the data would represent a useful litho-geochemical database and the known association between the copper-lead-zinc sulphide mineralisation and gold could be a useful geochemical indicator for the extent and distribution of the gold mineralisation.

Grab Sampling

Waste dumps from the ancient workings were sampled by grab sampling about 12 to 14 kg of material, which was crushed, pulverised and reduced to the 250g sent to the Al Amri Laboratory for analysis by fire-assay. In total, there were 570 grab samples taken, with 485 at El Sid, 43 at Fawakhir and 85 at El Sid South. Gold values in the ancient waste dumps at El Sid varied from 0.05 to 11.6 g/t Au and averaged 2.0 g/t (351 samples). At Fawakhir the average of 37 grab samples was 1.6 g/t Au (maximum 5.7 g/t) and at El Sid South the average of 23 samples was 2.3 g/t Au. However, these samples were selected from known mineralised areas and may not be representative of the bulk grade.

Trench channel sampling

SMW's main exploration effort consisted of systematic trenching and channel sampling across the outcrop of the main mineralised zones. The distance between the trenches was generally 50m to 80m at El Sid and 30m to 50m at Fawakhir. The trenches were dug down to bedrock by hand, using local labour, and geologically mapped. Any mineralised sections of the trench identified from the geological mapping or from the presence of old workings, were marked out, the floor of the trench was cleaned and a power saw used to cut a continuous 100 mm x 50 mm channel, which was sampled over continuous 1m or 1.5m intervals. The samples, each weighing about 10 to 12 kg, were bagged on site and numbered for transport back to base camp. In total, 3350m of trenches were dug and 1918 channel samples collected: 1200 at El Sid and 547 at Fawakhir (including 80 from the underground adits); 86 at Fawakhir II and III; and 85 from El Sid South.

Sample Preparation, Analyses and Security

The samples were prepared and dispatched to the laboratory by employees, officers, directors or associates of the vendor.

The rock samples and channel samples were subject to the following sample preparation procedure at the base camp.

Samples were crushed and milled at the SMW exploration base camp, using ROCKLABS (New Zealand) crushers and "ring-mill" pulverisers. All of the equipment was cleaned between samples using a compressed air line.

The pulverised sample was then split into three sub-samples, one of 250g sent for fire assay, one of 50g sent for ICP chemical analysis and one reference sample of 250g stored on site. All the reject part of the samples was retained on site for possible future reference.

In total, 1930 of the prepared channel samples and 453 of the prepared grab samples were sent to the Al Amri Laboratory in Jedda, Saudi Arabia for analysis for gold by fire-assay.

Behre Dolbear considers that the sample preparations were:

• Of good quality;

• As representative of the material sampled as the method allows; and

• Appropriate for the rock types, geological controls and widths of mineralised zones.

The Al Amri Laboratory (Al Amri Chemicals & Laboratory Division is ISO 9001-2000 Certified (http://zed-group.com/history.html). Behre Dolbear considers that the Al Amri Laboratory is rebuttable and reliable and that the preparation and analysis of the samples submitted was adequate and suitable for the material involved.

Data Verification

Behre Dolbear verified the data in the following manner:-Geological data was verified by reference to published 1:250,000 geological maps and by inspection of geological outcrops in key locations. The geological interpretations were verified by reference to the author's previous 30 years experience of geological mapping and mineral exploration throughout the Nubian-Arabian Shield (ie Egypt, Sudan, Saudi Arabia and Yemen) and by reference to the voluminous literature of published and unpublished reports on the geology and mineral resources of Egypt.

Sampling procedures used by SMW field staff were verified by inspection of the sample locations, sample documentation and inspection of the sample preparation facilities and procedures. Sample analysis methods and procedures used by the Al Amri Laboratory in Jedda, Saudi Arabia (Al Amri Chemicals & Laboratory Division) that is ISO 9001-2000 Certified (http://zedgroup. com/history.html) were verified by previous personal experience of the Al Amri Laboratory (on other projects) and by reference to the QA/QC documentation available on the Al Amri Laboratory website.

The Al Amri Laboratory follows industry standard QA/QC procedures, including:

• Checks on the precision of the instrument calibration by analyzing standard solutions with the required range of concentration;
• Accuracy Control is accomplished by using Certified Reference Materials (CRM) that are matrix-matched materials with assigned target values; CRMS are included in every batch or at frequent intervals if batches are large or if testing is continuous;
• Blanks are used to check for interference and detection limits of the assay method; one blank is included in every batch of samples, or at frequent intervals if batches are large or if testing is continuous.; and
• Duplicate samples are included in every batch, or at frequent intervals if batches are large or if testing is continuous.

Sample analysis results were verified by reference and comparison with the relevant sample location data and by comparison with historical sampling data from previous exploration work in the El Fawakhir Concession Area.

In November 2009, at Behre Dolbear's request, a total of 37 control samples were prepared by SMW field geologists from duplicates of SMW trench channel samples stored on site and were sent to the Al Amri Laboratory for analysis by fire-assay.

Mineral Resources and Mineral Reserves

The mineral resource estimates described below were prepared by the author of the technical report, using sample data and other information provided by SMW.

The author, Richard J. Fletcher, is a Senior Associate with the firm of Behre Dolbear International Limited, and is a graduate of the University of Leicester with a Bachelor of Science Honours degree in Geology and an MSc. in Exploration Geology from the University of North Queensland, Australia, and has been responsible for estimation of Mineral Resources and Mineral Reserves of gold mines and gold exploration projects for more than 40 years including many operating and/or abandoned gold mines in Egypt, Sudan and Saudi Arabia. He is a Fellow in good standing of the Australasian Institute of Mining and Metallurgy and a Chartered Geologist, and a Member in good standing of the Institute of Materials, Minerals and Mining and a Chartered Engineer. He is a qualified person for the purposes of NI 43-101 and is independent of both the ABU and SMW as defined in Section 1.4 of NI 43-101.

<u>Assumptions, methods and parameters</u>

The estimates of tonnages and grades were based on the following assumptions, methods and parameters:

• Geological interpretation of mineralised domains;

• Compilation of sample data within mineralised domains;

• Review of sample length compositing requirements;

• Review of extreme data values and application of top cuts, where appropriate;

• Creation of block models and application of density values;

• Estimation of gold grades within blocks;

• Classification of estimates with respect to CIM/JORC guidelines; and

• Resource tabulation and reporting.

SMW supplied the sample data in computer spreadsheet format and specific gravity measurements were based on relevant geological reports.

Geological Interpretation and Modelling

The El Sid/Fawakhir gold deposits are hosted in the contact zone of a large granite intrusion into mafic and ultramafic host-rocks. The near-surface mineralisation is assumed to be oxidised, whilst the deeper mineralisation is assumed to be the primary sulphide domain. There appears to be a distinct zone of secondary enrichment of gold values at or near the present-day water-table about 60m below wadi level, but there is no sub-surface data available to enable any differentiation of gold values within the oxide, secondary enriched or sulphide domains.

Sample lengths

Channel sample lengths ranged from 0.2m to 1.5m in length, with the great majority of samples being 1.5m length. As most of the samples had intervals of 1.5m, compositing to ensure equal support (ie, length) was not required.

Extreme Values

Behre Dolbear examined the gold assay data by means of sample assay histograms and noted the spatial location of any extreme values. A top-cut threshold of 10 g/t Au was determined by examination of the statistical plots and by examination of the effect of top cuts on the mean and variance of the sample data.

Specific Gravity

No systematic specific gravity determinations are available. SMW used the assumed specific gravity value of 2.7 for estimation of tonnage and, in the absence of any measurement data, Behre Dolbear accepts this as reasonable.

Cut-off grade

As no economic analysis or feasibility study has been made to determine what economic cut-off grade will be applicable to the El Sid/Fawakhir project, the tonnes and grades have been estimated using a mineralisation boundary cut-off grade of 0.3 g/t Au, based on a visual review of the sample grades and distribution.

Geological and Grade continuity

The geological and grade continuity is well established at surface where mineralised quartz veins extend over strike lengths of 200 to 400m at surface and have been worked over similar distances underground to depths of 200 to 400m down dip. There is some evidence that the quartz veins occur as en-echelon veins within a wider and much longer shear zone, so that as one quartz vein dies out it is replaced by another parallel vein, so that continuity is maintained over strike lengths much greater than the lengths of the individual vein.

Sample widths and True width

Due to the lack of any historical underground sampling data from the El Sid and Fawakhir mines, and the preliminary nature of the exploration work carried out by SMW, the estimation of mineral resources is mostly dependent on surface sampling with only limited sub-surface data. The disturbed nature of the surface in some locations, together with the removal of most of the gold-bearing quartz veins from the near surface during previous mining activity, may have resulted in the surface sampling possibly being not fully representative of the in-situ mineralisation. There are two possible sources of bias in the surface sample data. Firstly, the removal of the gold-bearing quartz veins to leave only the low-grade mineralisation in the altered wall-rocks, may have resulted in a possible negative bias in the gold assay values. Secondly, the extensive disturbance of the surface by previous mining activity may have dispersed the gold values over a wider area than the source mineralisation, possibly resulting in a positive bias in the width of the mineralisation.

The effect of these potential sampling biases may effectively cancel each other out, as the surface expression of the mineralised zone may be wider but lower in grade than the original undisturbed outcrop; while the sub-surface mineralisation may be narrower but higher in grade than the surface sampling indicates. Thus, the amount of contained gold may not be significantly different.

An additional factor is that there may be some leaching and dispersion of gold values in the near surface, oxidised zone above the water-table. This may be accompanied by secondary enrichment of gold values at or close to the water-table, as indicated by the work of Harraz (1995) and as reported from many other gold mines in Egypt, Sudan and Saudi Arabia. Any such secondary enrichment of gold values is likely to extend into the fractured wall-rocks resulting in an increase in the mineralised width, particularly in any zones of intense stock-work mineralisation.

Consequently, there seems to be little merit in attempting to estimate the sub-surface widths in the absence of sub-surface data. Therefore the surface width x grade has been assumed to be reasonably representative of the sub-surface width x grade.

For these reasons, it would be unreasonable to apply complex or sophisticated methods for the estimation of tonnage and grade at El Sid/Fawakhir. Accordingly, they were estimated manually using the traditional polygonal method based on vertical long-sections drawn along the strike length of the vein.The Exploration Results at El Sid, estimated on the basis of the surface sample values, defined in terms of width and strike length by the 0.3 g/t Au contour and projected down dip to the extent of the known underground workings, are summarised as follows:-

Inferred Mineral Resource Estimates at El Sid and Fawakhir

(assuming SG = 2.7 and 0.3 g/t Au cut-off)

El Sid Mineralised Zone	Length along strike (m)	Average surface width (m)	Length down dip (m)	Volume, m3	Million tonnes	Average grade (g/t Au)	Contained Gold (kg)
1	200	35	400	2800000	7.56	0.6	4536
2	400	45	400	7200000	19.44	0.95	18468
3	450	25	250	2812500	7.59	1.02	7745
4	400	25	250	2500000	6.75	1.16	7830
5	130	7	70	63700	0.17	0.71	122
Total El Sid				15376200	41.52	0.93	38701

The estimate was prepared by the author of the El Fawakhir Report.

The preceding table indicates that the total gold potential at El Sid / Fawakhir may exceed 1.2 million ounces. The tonnes, grades and ounces figures have been rounded and this may have resulted in minor discrepancies. The estimated gold content does not include any consideration of mining, mineral processing, or metallurgical recoveries.

Due to the uncertainty that may be attached to Inferred Mineral Resources, it cannot be assumed that all or any part of an Inferred Mineral Resource will be upgraded to an Indicated or Measured Mineral Resource as a result of continued exploration. Confidence in the estimate is insufficient to allow the meaningful application of technical and economic parameters or to enable the evaluation of economic viability worthy of public disclosure. Inferred Mineral Resources must be excluded from estimates forming the basis of feasibility or other economic studies.

Some of the many other mineralised zones located in the El Fawakhir Concession Area appear to have potential for low-grade open-pit mineralisation, but have not yet been mapped or sampled in sufficient detail to enable their mineral resource potential to be quantified. The JORC Code suggests that such mineralisation should be described using the term “Exploration Results” or “Exploration Target” and requires that such mineralisation be expressed as a range of values so as to emphasize the level of uncertainty involved.

Proposed Exploration Programme

In 2009, the SMW initiated a comprehensive geological survey on its properties, including NI 43-101 technical reports prepared by Behre Dolbear. Updated reports were prepared and provided in October 2010.

El Fawakhir Concession Area - Stage 1

ACTIVITY	UNIT	NUMBER
Prospecting work (scale 1:5000) with geological mapping	km^2	10
Mineralogical and geochemical sampling	samples	500
Geomagnetic and geoelectric survey (scale 1:5000)	km^2	10
Microscopic study of rock and ore types (microprobe analysis)	thin/polished sections	50
Drilling mobilisation, establishment and commissioning	Drill rigs	3
Construction of drillhole access roads / sites	km	20
Core drilling	metres	9000
Documentation and core sampling (1 m samples)	metres	7500
Borehole surveys	holes	200
Preparation of mineralogical and geochemical samples	samples	500
Fire assay for gold and silver	samples	7500
AAA analysis for copper and other elements	samples	4000
External control assays	samples	750

It was the opinion of the author of the El Fawakhir Report that the results of the initial exploration phase expenditure justify proceeding with the US$5,000,000 expenditure commitment for the evaluation phase required by the El Fawakhir Agreement.

UM BALAD PROPERTY

The following description of the Um Balad Property is based upon information derived from the technical report entitled *"NI 43-101 Technical Report On The Um Balad/El Urf Exploration Concession Area In Egypt (Behre Dolbear Project Number J10-179)"* dated December 16, 2010 prepared by Richard J. Fletcher, M.Sc., FAusIMM, MIMMM, C.Geol, C.Eng. of Behre Dolbear International Limited (the "Um Balad Report"). Further details with respect to the Um Balad Property are set forth in the Um Balad Report, which is available on SEDAR at www.sedar.com. Table, figure and bibliographical references referred to in the following description of the Um Balad Property refer to references in the Um Balad Report.

Property Description and Location

The Um Balad Concession Area originally measured 887 km^2.

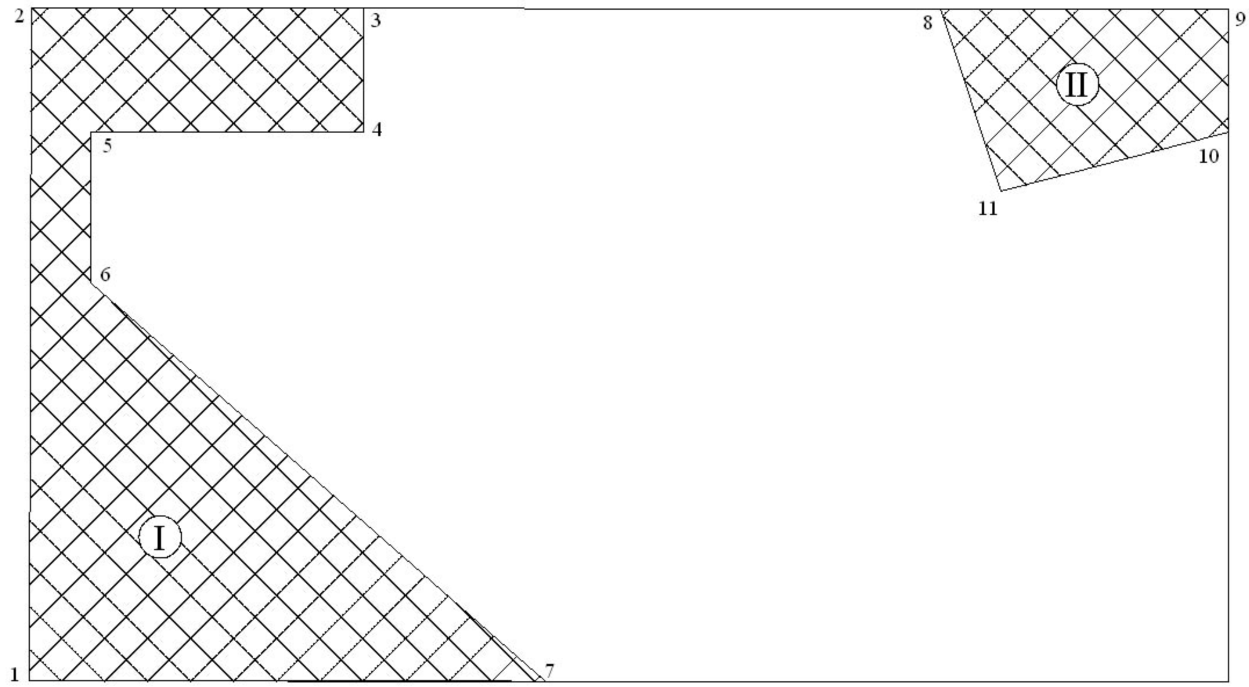
Coordinates of the corner points of the area are as follows:-

No Longitude/East Latitude/North
1 32°43'00 27°54' 00
2 33°07' 00 27°54'00
3 33°07'00 27°42'00
4 32°43' 00 27°42'00

Figure 1 Map showing the Um Balad Concession area

Approx. Scale 1:500,000

In accordance with the Um Balad Agreement, the Um Balad Concession Area was subject to a minimum 25% reduction in area at the end of year 1 (2009). Accordingly, the area was reduced by 25.4% to 651.66 km2 on the basis of its general geological structure as shown in the figure and table below.



Point number	(UTM) m E	(UTM) m N	Old Egyptian	
1	545000	2893900	33°27' E	26°9'11" N
2	556300	2885700	33°33'40" E	26°4'43" N
3	557000	2882000	33°34'4" E	26°2'43" N
4	552500	2875600	33°31'21" E	25°59'16" N
5	552500	2871400	33°31'21" E	25°57' N
6	545000	2871400	33°27' E	25°57' N
7	566400	2904700	33°39'46" E	26°15' N
8	573300	2904700	33°44' E	26°15' N
9	573300	2891300	33°44' E	26°7'43" N
10	570350	2894300	33°42'7" E	26°9'21" N
11	567000	2900100	33°40'7" E	26°12'30" N
Total square, km^2			886.83	
Site I, km^2 183.47			183.47	
Site II, km^2 61.61			61.61	
Reduced measure, %			27.6% to 640.75 km^2	

No part of the Um Balad Concession Area has been relinquished since November 2009.

Key aspects of the Um Balad Agreement with EMRA are:

- Production sharing agreement between EMRA and SMW Engineering (transferred to SMW) signed in October 1, 2007;
- 5 year exploration period;
- A minimum expenditure commitment of US$1,000,000 required in the first year and then a further US$5,000,000 expenditure;
- 20-year exploitation lease with option for a 10-year extension;
- 4% royalty on gold (and other minerals produced);
- 50:50 production sharing after expense recovery; and
- tax exemptions on extraction, production, export and transportation of minerals, withholding taxes.

Accessibility

The Um Balad Concession Area is located about 400 km southeast of Cairo and about 40 km inland from the Red Sea coast. It is about 110 km northwest of Hurghada, from where it can be accessed by travelling north along the coastal highway for about 100 km to Wadi Dara (1 hour) and then westwards along a good gravel road to Um Balad (1.5 hours). A network of tracks along the wide sandy wadis allows access to most parts of the area. Provision for access to water and surface rights is included in the terms of the Um Balad Agreement.

Climate

The Um Balad Concession Area has an arid climate, dominated by hot summers and mild winters. The average annual precipitation is about 17.4 mm which falls mainly in the late summer (July to October) period. The monthly mean temperature varies between 24° and 38°C during the summer; and between 12° and 26°C during the winter. The relative humidity varies between 28% in summer and 57% in winter. The predominant wind direction is from the north.

Local resources

There are no significant local resources in the Um Balad Concession Area which is virtually uninhabited.

Infrastructure

There is little infrastructure in the Eastern Desert region and the population is sparse, consisting of small coastal settlements and semi-nomadic tribespeople. The closest facilities, including an international airport, are at Hurghada about 120 km to the southeast.

There are international airports at Luxor that serves tourist sites in the Nile valley; and at Hurghada on the Red Sea coast that serve the extensive development of tourist resorts and marine centres.

The Eastern Desert region is served by the port of Suez in the north, which has modern container handling facilities, an oil refinery and a major airport. There are small, but reasonably modern port facilities at Port Safaga.

The Eastern Desert area is bounded to the west by a single track railway and a bitumen road which follow the Nile River between Cairo and Wadi Halfa on the Sudan border. To the east, the area is bounded by a modern bitumen road which follows the Red Sea coastline from Suez to Halaib on the Sudan border. These two transport corridors are linked by several connecting roads which traverse narrow valleys through the hills. There is also a railway that connects Port Safaga to the Nile valley railway at Quena, although this now appears to serve only the phosphate mines. Away from these roads, access is restricted to rough, unformed tracks suitable only for four-wheel drive vehicles.

There are high-voltage electric transmission lines along the coast road and along the Nile valley.

Topography and Vegetation

The main drainage is Wadi El-Urf that trends nearly east-west and Wadi Makhrag EI-Ebel that trends north-south.

The wadi level in the Um Balad Concession Area is about 400 masl. The surrounding bare, rocky hills rise about 200m above the wadi level. The Dokhan volcanics form a 2000m high mountain (Gabal Monqul) on the northern side of the intrusive dome containing the mineralised area. The area is arid rock desert that is virtually devoid of vegetation.

There are no environmental or other protected “reserves” in the Eastern Desert region, except for the off-shore Hurghada Islands marine reserve. However, access to much of the area is restricted to protect the extensive archaeological remains that occur throughout the area.

History

SMW’s Um Balad Concession Area has been explored and mined for gold and other minerals since the early pharaonic times, as evidenced by the numerous and widespread ancient workings and their associated archaeological remains. These provide evidence of successive periods of activity that have been related to the periodic invasions of the Hittites, Phoenicians, Greeks, Romans, Byzantines, Ottomans and Colonial Britain.

The first documented exploration commenced in 1902 with the grant of an exploration concession to the British company Egyptian Sudan Exploration Co. Ltd. No mining activity developed within the area now covered by the SMW Um Balad Concession Area, although extensive groups of ancient workings were identified.

The Wadi Um Balad area includes two ancient gold mines (Um Balad and Wadi Dib) and 6 ancient copper mines (El Urf/Um Monqul), located in sub-vertical quartz veins associated with a large granodiorite intrusion that extends 8 km N-S and 3 km E-W at the junction of Wadi Um Balad and Wadi Qena (Castel et al, 1998). The most important of these were:

Um Balad (Au) at 27° 48’ N/32° 47’ E
Um Monqul (Au-Cu-Mo) at 27° 50’ N/33° 04’E
El Urf (Au-Cu-Mo) at 27° 48’N/33° 02’E and
Wadi Dib (Au) at 27° 44’N/33° 00’E

In 1983, the Um Balad Concession Area was covered by an airborne magnetic and spectral gamma-ray survey by the Western Geophysical Company (America), during a larger survey of the Eastern Desert region as a part of the Minerals, Petroleum and Groundwater Assessment Project (MPGAP). The aerial magnetic survey was conducted using Varian (V-85) low sensitivity (0.1 nanotesla) airborne magnetometer, with a proton precision sensor mounted in a tail stinger configuration, installed in a twin engine Cessna Titan, type 404 aircraft. The aircraft followed a system of equally-spaced NE-SW oriented flight traverses 1.5 km apart at a nominal flight altitude of 120 m ground clearance. Tie lines were flown in a NW-SE direction at 10 km intervals. A Varian VIW 2321 GA single cell caesium vapour magnetometer with a microprocessor basis digital and analog recording system was used as a magnetic base station during the survey for the purpose of correcting the magnetic data for daily variations in the earth's magnetic field. The obtained aeromagnetic survey data were reduced, compiled and finally presented in the form of a set of contour maps at scale of 1:50,000 (Aero-Service, 1984).

Numerous geological, geochemical and mineralogical studies were carried out by EGSMA, often with Assistance of Soviet Union.

Um Balad Gold Deposit

There are many ancient gold workings located in Wadi Um Balad at 27° 49' N/32° 47' E.

The area is composed of volcano-sedimentry rocks intruded by diorite and quartz diorites. The quartz diorite may represent a chilled marginal phase of the diorite. The area is cut by major E-W trending faults with down-throw to the north.

There is a 300m long, NNE trending, auriferous quartz vein dipping 55°E, intruded into the contact zone. The vein was 0.5m thick in the deepest workings. The vein carries pyrite and arsenopyrite (up to 2.5% As). A second parallel vein composed of quartz and calcite is 75m in length. There is a third smaller vein.

Results of analyses of auriferous quartz veins for gold at Um Balad (N=25)

Range of Au values 0.6 – 13 ppm
Arithmetic mean 3.7 ppm
Host Rock diorite

Jenkins (1936) reported that there were about 500 tonnes of tailings. 331 tonnes of these old tailings were processed and yielded 5.27 kg of gold corresponding to an average content of 15.92 g/t Au. Two samples of quartz yielded assay values of 10.85 and 13.95 g/t Au.

Um Monqul (El Urf) Gold-Copper Deposit

This gold-copper occurrence is located at 27°50'N and 33° 04'E near Gebel um Monqul and about 5 km south-east of Bir Um Monqul.

This gold occurrence was inspected by D. R. Home (1906), W. H. Neubaurer (1956) and Kochin and Bassyuni (1968). In one sample taken from a 0.25m thick quartz vein, the gold content was 15.81 g/t, and that of silver was 1.7 g/t (Home 1906). In a sample selected from the ancient tails the gold content was 3.87 g/t and silver was 0.93 g/t (Kochin and Bassyuni, 1968).

There are three sets of veins; E-W dipping south, E-W dipping north and N-S dipping east. The quartz veins are up to 0.25m wide and carry calcite, haematite, copper and gold values.

Riad et al (1978) reported that spectro-chemical analysis of 72 samples showed that the gold content in the mineralised zone ranged from 0.01 to 0.6 g/t and in two samples was 50 g/t (fire assay 27.34 g/t) and 20 g/t (fire assay 8 g/t) respectively. Spectral chemical analysis of 35 channel samples from the quartz-haematite-barite veins showed the gold content ranged from 0.1 to 6.0 g/t. Spectral analysis showed the presence of copper (up to 0.5% Cu) molybdenum (up to 0.015% Mo) and bismuth (up to 0.02% Bi).

Zaki (1987) reported that gold occurs in quartz veins that cut both Dokhan volcanics and Gattarian granites. The result of fire-assay analysis showed gold values in the veins up to 1.2 g/t. In the alteration zones surrounding these veins the gold content reached 0.8 g/t. Some dolerite dykes had cubes of pyrite that when analysed for gold gave 0.6 g/t.

Abd El-Tawab (1993) studied the area archaeologically, and stated: the ancient gold mines in El-Urf (South Monqul) were exploited principally in the old kingdom and for a shorter period during Arabic times. The area of exploitation (16 km^2) comprised numerous ancient excavations and is situated in the central part of the granitoid pluton. The Au-Cu mineralization in the area is mainly confined to shear zones of mainly NE-SW direction. The shears which traverse granodiorite and quartz-syenite are impregnated with ferruginous barite veins in the eastern part of the mineralised area, but are gradually replaced by quartz-calcite veins in the western part. Haematite, geothite and specularite (micaceous haematite) are found in the ferruginous veins. The economic minerals in the veins are copper carbonates (malachite, azurite and chrysocolla) and very few sulphides (chalcopyrite and pyrite).

Botros (1995) reported that the Um Monqul gold occurrences occur in an area of volcano-sedimentary rocks that include banded-iron formation (BIF), serpentinites, diorites, Dokhan volcanics and granites, cut by later dykes and veins. Rocks of the volcanosedimentary sequence are metamorphosed to greenschist facies and locally up to middle amphibolite facies. Dokhan volcanic rocks occur at both Um Balad and Um Monqul. Their composition varies from andesite at Um Balad to dacite at Um Monqul. Three styles of gold mineralization were recognized:

- disseminated gold in auriferous BIF's in the Shadli metavolcanic sequence;
- gold-bearing felsite dykes and altered wall-rocks (Dokhan volcanics);
- auriferous quartz veins where it is assumed that the "available" gold initially present in the Proterozoic volcanics was mobilized by the granites.

The quartz-vein gold deposits show a close relationship to the intrusive granites, occurring either at, or adjacent to, the granite contacts in the Um Balad and Um Monqul areas. They are fissure filling with, or without, wallrock alteration. Many of them have been worked for gold since ancient times. They are usually short, rarely exceeding 500m in length (Um Monqul) and less than 5m in width.

The quartz veins are usually white, massive, rarely brecciated and with variable amounts of pyrite, chalcopyrite, sphalerite, pyrrhotite and gold. Calcite and barite are common gangue minerals. The majority of the quartz veins are dissected by veinlets of goethite-limonite. In most of the veins, gold occurs as fine specks disseminated either in the quartz or, rarely, in pyrite. The following shows the range of gold values, arithmetic mean and number (N) of analysed samples of quartz veins.

Results of analyses of auriferous quartz veins for gold at Um Monqul (N=13)

Range of Au values 0.6 - 2.39 ppm
Arithmetic mean 1.5 ppm
Host Rock dacite porphyry (Dokhan volcanic)

Auriferous felsite and dolerite dykes occur at Um Monqul and cut both Dokhan Volcanics and granites. The contents of gold in ten samples of these dykes varied from 0.6 g/t to 1.71 g/t with an average of 1 g/t. Gold occurred as minute specks disseminated in the gangue minerals (Botros, 1995).

Botros and Wetait (1997)

The South Um Monqul (El Urf) prospect consists of calc-alkaline intermediate to felsic intrusions with country rocks subjected to extensive hydrothermal alteration with malachite staining along fractures. The close spatial and temporal association of the granodiorite intrusions with the dacite and rhyodacite volcanics suggest a high level of emplacement of the intrusive.

The contact zone is characterized by numerous quartz vein stockworks which are usually auriferous and were the target for gold exploration by the ancient prospectors. Higher copper grades of 0.1% to 0.5% Cu are associated with hydrothermal alteration.

The volcanic rocks are represented by dacite and rhyodacite of the Dokhan volcanics which form moderate to high relief. They are sheared in NE-SW and NW-SE directions and hydrothermal alteration was observed along these shear zones. Microscopically, these volcanics are composed of feldspars, quartz and biotite. Opaques are represented by martitized magnetite and minor amounts of pyrite and chalcopyrite.

The intrusive rocks of the South Um Monqul prospect are diorite, granodiorite, biotite granite and granite porphyry. Diorite outcrops in the western part of the area. In the field, diorite has low to moderate relief, has a greyish green colour on weathered surfaces and sometimes shows porphyritic texture.

Granodiorite is the dominant intrusive of the South Um Monqul prospect. Two sets of fractures are noted in this rock; trending NE and NW. Microscopically, the rock is composed of plagioclase, quartz, potash feldspar, hornblende and minor biotite. Kaolinite, chlorite and carbonates represent the secondary minerals. Accessory minerals are represented by apatite, sphene and opaques. The latter constitute about 2% to 4% of the rock and are dominated by martitized magnetite and minor contents of pyrite and chalcopyrite. These features suggest that granodiorite passes imperceptibly to adamellite that are considered as the co-magmatic plutonic equivalents of the dacite and rhyodacite volcanics respectively.

Biotite granite and granite porphyry occurs as dike-like bodies traversing the granodiorite, adamellite and their volcanic equivalent dacite and rhyodacite. These dike-like bodies trend in a NE-SW direction and dip SE at angles ranging from 15° to 30°. Accessory minerals are represented by apatite, sphene and opaques. The latter constitute about 7% of the rock and are dominated by magnetite, hosting specks of gold, pyrite, chalcopyrite and sometimes ilmenite. They have a reddish colour, and are extensively altered. Granite porphyry is characterized by high levels of opaque minerals (up to 12%) represented by martitized magnetite, pyrite and chalcopyrite. Traces of bornite, as well as gold were observed in some polished sections of the granite porphyry. This rock as well as biotite granite were the sites of the ancient gold workings at South Um Monqul where stockworks of auriferous quartz predominates. All the previously mentioned country rocks are traversed by barite and quartz veins, dolerite and felsite dykes. They are stained by malachite along fractures.

The rocks at South Um Monqul are hydrothermally altered over an area of about 12 km^2.

The most common copper minerals at the South Um Monqul prospect are chalcopyrite, bornite with traces of gold, together with pyrite and magnetite. Enargite and covellite were observed in some specimens. Gold occurs as fine specks disseminated in quartz and barite veins and their altered host rocks. Chalcopyrite occurs within all the alteration zones, but predominantly in both potassic and phyllicargillic alteration zones where biotite granite and granite porphyry are the host rocks. Chalcopyrite occurs as minor veinlets and usually as minute disseminations through the host rocks. Enargite and covellite were observed in some polished sections.

Gold occurs in minor quartz veinlets traversing granite and dacite-rhyodacite that have been subjected to potassic and phyllic alteration. In these veins, gold occurs as disseminated specks associated with sulphides that are altered to goethite (Botros, 1991). Gold dispersed in the barite-specularite veins is associated with the high sulphidation minerals enargite, bornite and chalcopyrite.

Pyrite occurs in all alteration zones but the ratio of pyrite to chalcopyrite is variable.

Magnetite is the dominant oxide at South Um Monqul prospect where it occurs as martitized grains that are disseminated in the groundmass of host rocks and also intergrown with silicate minerals. Sometimes the magnetite is sulphidized along the rims and usually hosts fine disseminated gold.

Supergene mineralization is represented by malachite.

Ninety geochemical bed-rock samples were collected from the Um Monqul area (Botros, 1991) and were analyzed for copper by spectrographic methods at the Egyptian Geological Survey Laboratory. Background values of copper in the area sampled ranged from 10 to 400 ppm Cu and the lower limit of the background is confined to fresh rocks and the upper limit to rocks subjected to alteration.

Eight anomalous areas were delineated with anomalies in the order of 3000 to 10,000 ppm Cu, against a background of 10 to 400 ppm Cu. Copper values ranged from 3000 to 6000 ppm in the contact zone which is characterized by an aureole of stockworks of quartz, mostly auriferous. It seems that this aureole was the main site of the ancient workings for gold as indicated by the presence of many ruins and crushers.

Ahmed (1997) Reported that from the ancient workings, slime dumps, stone mills, stone implements, stone washing tables and other ruins, it is clear that the Wadi EI-Urf gold occurrence has been actively mined during the Pharaonic, Roman and Arabic times. There are many old workings as galleries, trenches, shafts and pits. These workings trend NE, NW and N-S which are the main trend of the mineralised zones and veins. The galleries and trenches vary in width from 0.5m to 4m and in length from 5m to 100m, but the shafts and tunnels are less than 20m deep. There are slime dumps and 3 areas of tailings.

In 1997-98, detailed geological and geochemical exploration over an area of about 12 km^2 was carried out to study the gold and copper content in the alteration zones, veins, country rocks and alluvium. Prospecting located 8 mineralised zones, 20 quartz veins and 6 quartz-haematite-barite veins. These mineralised zones were composed of intensely silicifed and ferruginized rocks, transformed into a quartz-feldspar aggregates with thin quartz veinlets (1 to 10 cm) containing scattered impregnations of chalcopyrite, malachite and chrysocolla.

The rock units covering the area were meta-gabbro, diorite, Dokhan volcanics and hornblende-biotite granite, cut by granite, grano-syenite and dolerite dykes. Steeply dipping mineralised veins of quartz, haematite and barite up to 5m thick and 300m long also traverse the country rocks. The field work revealed shallow-dipping mineralised zones marked by hydrothermal alteration, represented by silicification, ferruginisation and kaolinitization. These zones are usually associated with the veins and confined to fracture zones striking from 10° to 40° NE of 200m thickness and 1000m length. Copper minerals were represented by malachite and azurite and some chalcopyrite. Iron minerals, in the form of cubes of pyrite and flakes of specularite, were observed along both these zones and the contact between them and the host rocks.

In the northern part of this area, there is a stockwork zone of quartzbarite-haematite veinlets and lenses. This zone trends E-W, is about 400m in length and varies in thickness from 100m to 200m.

The mineralised zones strike N-S or NE-SW and dip to the E or SE at angles varying from 10° to 30°. They vary in thickness from 10m to 70m and their length reaches 2 km. These mineralised zones are composed mainly of intensively silicified ferruginized, kaolinitized, chloritized and sericitized rocks with series of thin, quartz-calcite, barite and iron oxides veinlets (1-10 cm thick), these quartz veinlets contain scattered impregnations of chalcopyrite and traces of malachite and chrysocolla.

The mineralised veins are represented by quartz, calcite, barite, haematite and specularite veins. These veins have the same trend as the mineralised zones, and dip to the E or NE at angles of 10° to 75°. In some places there are stockworks of these veins. The veins vary in thickness from 0.2m up to 15m and are up to 300m in length. They contain some sulphide copper minerals (chalcopyrite, pyrite, tenorite and also malachite). The haematite-barite veins and veinlets occur mainly in the eastern area. The alteration types in this area were represented by kaolinitization, ferrugination silcification, chloritization and sericitization.

The results of 76 samples analysed by the atomic absorption method for Au, Cu and Mo of the mineralised zones, veins and the adjacent country rocks, were :-

For gold, 11 samples from quartz veins were analysed and two samples gave values 2.6 g/t and 0.4 g/t. Five samples were analysed from the barite veins and three samples gave 2.4 g/t, 0.7 g/t and 0.7 g/t. Eleven samples from haematite veins yielded gold values ranging from 0.4 to 38 g/t. Eighteen samples from the altered and the mineralised zones have gold content ranges from 0.3 to 19 g/t. Two samples from the ancient tailings gave gold values of 14.4 g/t and 17.7 g/t.

Shabaan (1998) reported that the granitic rocks (mainly hornblende-biotite granite, granodiorite and quartz-syenite), Dokhan Volcanics (mainly felsic) cut by granite, felsite, felsite-porphyry, syenite, syenite-porphyry, dolerite, diabase and alkaline-granite dykes. There are also quartz-haematite, barite and calcite veins traversing these rocks with anomalous concentrations of gold, copper and molybdenum. The hydrothermal alteration is represented by silicification, ferruginization and koalinization and the mineralised zones are usually connected with the mineralised veins and collectively confined to fractures striking N40°E and N40°W. The mineralised zone is up to 200m wide and 1000m in length.

157 bed-rock samples, 316 channel samples and 31 samples from pits were collected for spectral and atomic absorption analyses.

Results of spectral analysis of bed-rock samples showed anomalous values of Ba (<3%), Sr (<3%), Cu (1000 ppm), Mo (20 ppm), Y (100 ppm), La (100 ppm) and Ce (1000 ppm).

Atomic absorption analysis of bed-rock samples showed gold values up to 6 g/t. Alteration zones (with iron oxides and barite) and quartz veins gave gold values up to 19 g/t. Gold values in the alluvium reached 0.75 g/t. Tailings samples gave gold values up to 17.9 g/t.

Spectro-chemical analysis of channel samples revealed gold values ranging from 0.1 to 6 g/t, copper values up to 0.5% and molybdenum values up to 0.015%.

Mineralogical analysis of the panned samples showed that the ore minerals are represented by chalcopyrite, molybdenum, gold, pyrite, malachite, chrysocolla, wulfenite and iron hydroxides.

Geological Setting

During the period January 2008 to May 2009, SMW carried out systematic mapping and sampling of the Um Balad Concession Area. This included the study of the geological structure of the licence area, based on satellite imagery interpretation (Landsat, Alos, Google) and creation of geological maps at 1:50,000 scale.

The Pre-Cambrian basement complex in the Um Balad area is part of the Arabian–Nubian Shield (ANS) that was affected by the Pan-African orogenic tectonism about 600 mya.

The oldest rocks are the calc-alkaline granitoid basement. These are overlain by the Dokhan Volcanics which are in turn overlain by the molasse-type Hammamat sediments. They are all intruded by the "Younger Granites". The Dokhan Volcanics and the Hammamat sedimentary units are the main stratigraphic units.

Um Monqul/El Urf

Regional scale geological mapping by SMW established that the mineralisation at El Urf occurs within a large (3km-wide) E-W trending fault-bounded trough, or graben, which has preserved the younger and overlying Hammamat Conglomerate Formation.

Within and immediately adjacent to this trough are small, high-level granitic intrusions and possibly co-magmatic felsic dykes and volcanics.

The contacts of the granitic intrusions are intensely brecciated and altered over widths of many metres to a deep red colour due to abundant red haematite and abundant veins and stockworks of quartz and carbonate composition. The red alteration zone is easily visible in outcrop and appears to have been the preferred loci of the ancient gold workings. In places the alteration zone appears to be sub-horizontal or dipping at a shallow angle. Combined with the rugged topography, this results in the alteration zone having a complex distribution in outcrop. Evidence of the altered contact rocks has been mapped over an area of 10 to 12 km^2.

Deposit Types

The El Urf/Um Monqul copper-gold deposits have many of the characteristics of the recently recognised Iron-Oxide-Copper-Gold ("**IOCG**") type deposits.

ICOG deposits are concentrations of copper and gold minerals hosted within predominantly iron-oxide gangue mineral assemblages which share a common genetic origin. IOCG deposits are often associated with other valuable trace elements such as uranium, silver, bismuth and rare-earth (cerium, lanthanum) metals, although these accessory minerals are typically subordinate to copper and gold in economic terms (Belperio and Freeman, 2004).

IOCG type deposits typically occur at the margins of large mafic or granitic igneous bodies intruded into sedimentary or volcano-sedimentary strata. As such, IOCG deposits form pipe-like, mantle-like or extensive haematite-breccia bodies within the host stratigraphy. The morphology of these haematite-breccia bodies is usually determined by the host stratigraphy and structures and is not an important criterion of the orebody itself.

The genesis and provenance of IOCG deposits, their alteration assemblages and gangue mineralogy may vary between provinces, but are usually related to:-

• Major regional thermal events broadly coeval with IOCG formation, represented by low to medium grade metamorphism,

• Mafic intrusions and/or I- or A-type granitoid intrusions.

• Host stratigraphy is relatively Fe-enriched (BIF, ironstones), but deposits have relatively little reduced carbon (eg, coal, etc).

• Regional-scale alteration systems, operating over tens of kilometres, involving admixture of at least two hydrothermal fluids.

• Large-scale crustal structures which allow extensive hydrothermal circulation of mineralising fluids.

Mineralization

The mineralised veins are represented by quartz, calcite, barite, haematite and specularite veins that are intruded into the host granitic and volcanic rocks as described below. In some places there are stockworks of these veins. The veins vary in thickness from 0.2m up to 15m and are up to 300m in length. They contain some sulphide copper minerals (chalcopyrite, pyrite, tenorite) and also malachite. The haematite-barite veins and veinlets occur mainly in the eastern area. The alteration types in this area were represented by kaolinitization, ferruginization silicification, chloritization and sericitization.

Trench and rock-chip sampling showed that, in many places at El Urf / Um Monqul, the contact alteration zones and associated zones of quartz and carbonate veining, contained gold values in the range of 1 to 5 g/t, copper values of 0.1 to 1% and molybdenum values up to 150 ppm, over widths of many metres.

Exploration

During the period January 2008 to May 2009, SMW carried out systematic mapping and sampling of the Um Balad Concession Area. This included the study of the geological structure of the licence area, based on satellite imagery interpretation (Landsat, Alos, Google) and creation of geological maps at 1:50,000 scale. The results of this work were recorded in three reports:

• Summary information report on the results of works on the Um Balad licensed area during the first six months of 2008 year;

• Summary information report on the results of works on the Um Balad licensed area during May-December of 2008 year; and

• Annual Information Report on the results of works on Um Balad licensed area during January 2008 to May 2009 year.

In the course of the geological mapping SMW located more than 2500 ancient workings with a combined length of more than 40 km. In the eastern part of the area, ancient waste dumps reach a height of 5m. Systematic sampling of these ancient workings has not been completed, but some individual samples taken from dumps in the eastern part of the area yielded gold values up to 12 g/t.

<u>EL Urf – Western zone</u>

The Western mineralised zone at El Urf is the most accessible for the drilling operations. It is elongated about 2.1 km in the meridional (N-S) direction. There is a possibility of this zone continuing northwards under the wadi sediments, in which case its extent could be 2.4 km. In the northern and southern parts of the zone its width is 400 to 530 m. In the central section it narrows down to 150 m. The outcropping area of this zone (without taking into account the part that may be hidden under the wadi sediments) is 0.7 km^2.

The Western zone contains a large number of ancient workings, with 515 mapped workings occupying an area of 22,200 m^2. Most of these workings mined thin, shallow-dipping, barite-hematite veins with a quartz and carbonate gangue. These veins have often been excavated (trenched) over strike lengths of 200 to 300m. They are arranged in a series of 10 or more parallel veins at a distance of 3 to 10m apart from each other, forming a 60 to 100 m wide closely-spaced linear stockwork zone that dips gently to the east-southeast. This zone has no clear geological boundaries. Its northern part is localized in the igneous rocks, and the southern part in the granitic rocks, but this has no effect on its nature.

El Urf - Central zone

The Central mineralised zone is located about 200 to 500m to the east of the Western zone. The zone extends about 1600m N-S and its width in the northern part is 700m and in the southern part is 400m. It occupies an area of 0.95 km^2.

Breccia mineralised zone

The Breccia mineralised zone is essentially a Y-shaped eastern extension of the Central zone. The width of the zone in the central part is 680m, its length is about 500m and its area is about 0.38 km^2.

The central part of the Breccias zone is composed of large-fragmented, often block-shaped breccia of the altered granitoid rocks. The Breccia fragments are densely packed with the space between the fragments filled with barite- hematite and some sulphide mineralization. The breccia body extends 570m N-S and has a width of 120 to 180m and occupies an area of 70 000 m^2. The gold-bearing barite-hematite, that forms numerous veins within the limits of this breccia body were the object of intensive ancient workings, the largest of which are located near its contacts on the western side of the breccia body.

Eastern mineralised zone

The Eastern mineralised zone adjoins the Breccia zone. The length of the zone is 1200m, the width varies from 180 m (in the north) to 70 m in the south. The zone consists of a series of steeply dipping N-S trending gold-bearing vein structures.

Southern mineralised zone

The southern mineralised zone can be considered as the continuation of the breccia zone localized in the granitic rocks. It extends N-S over a length of more than 2 km and has a width of 450 m in the north and 860 m in the south and occupies an area of 1.2 km^2. Only a small part of this zone has been mapped so far.

Bayid mineralised zone

The Bayid mineralised zone is located 2 km to the east of the eastern zone and is hosted in granitic rocks, close to the contact with gabbros. The zone is 450 m wide and up to 770 m in length, occupying an area of 0.27 km^2. The zone is characterised by the lines of intensive ancient workings on a series of elongated N-S gold bearing structures up to 200 m in length. The distance between the mineralised structures is 10 to 30 m and they dip eastwards at 45° - 65°. Surveying this part of the area has been carried out, but the samples have not yet been processed.

Petrography

The various thin and polished sections were prepared using standard procedures and were examined using standard petrographic and reflected light microscope and described in standard petrographic terminology. The results confirmed the identity and nature of the host rocks and hydrothermal alteration as described above.

Drilling

No drilling has been carried out within the Um Balad Concession Area.

Core drilling will be required to confirm the geological interpretations and demonstrate the potential for defining an economically viable mineral resource.

Sampling and Analysis

The samples were collected, prepared and dispatched to the laboratory by employees, officers, directors or associates of the vendors. SMW, although based in Cyprus, is a company of Russian origin that employs Russian geologists and uses a standard set of methods and procedures based on the formal Russian state-approved methodology for all the geochemical, rock-chip and trench channel samples collected during their exploration programmes. This methodology is of a high standard and compares favourably with western best industry practice. Therefore, Behre Dolbear considers that the samples were:

- Of good quality;
- As representative of the material sampled as the method allows;
- Not subject to any bias resulting from the sampling method or approach;
- Appropriate for the rock types, geological controls and widths of mineralised zones; and
- Considerate of any other parameters relevant to the sampling interval.

Trench channel sampling

SMW's main exploration effort consisted of systematic trenching and channel sampling across the outcrop of the main mineralised zones. The trenches were dug down to bedrock by hand, using local labour, and geologically mapped. Any mineralised sections of the trench identified from the geological mapping or from the presence of old workings, were marked out, the floor of the trench was cleaned and a power saw used to cut a continuous 100mm x 50mm channel, which was sampled over continuous 1m or 1.5m intervals. The samples, each weighing about 10 to 12 kg, were bagged on site and numbered for transport back to base camp. In total 1166m of trenches were dug and 857 channel samples were collected.

Some of the trench samples were inspected during the site visit by Behre Dolbear and found to be clean, well prepared, consistent with best industry practice and a reliable representation of the material sampled.

Grab Sampling

Waste dumps from the ancient workings were sampled by grab sampling about 12 - 14 kg of material. In total, there were 66 grab samples taken.

Sample Preparation, Analyses and Security

The samples were prepared and dispatched to the laboratory by employees, officers, directors or associates of the vendors.

The rock samples were subject to the following sample preparation procedure at the base camp.

Samples were crushed and milled at the exploration base camp, using ROCKLABS (New Zealand) crushers and “ring mill” pulverisers. All the equipment was cleaned between samples using a compressed air line.

The pulverised sample was then split into three sub-samples, one of 250g sent for fire assay, one of 50g sent for ICP chemical analysis and one reference sample of 250g stored on site. All the reject part of the samples was retained on site for possible future reference.

Behre Dolbear considers that the sample preparations were:

• Of good quality;

• As representative of the material sampled as the method allows; and

• Appropriate for the rock types, geological controls and widths of mineralised zones.

Sample analysis was done at the Al Amri Laboratory in Jedda, Saudi Arabia (857 channel samples for gold by fire assay).

The Al Amri Laboratory in Jedda (Al Amri Chemicals & Laboratory Division) is ISO 9001-2000 Certified (http://zed-group.com/history.html). The Al Amri Laboratory follows industry standard QA/QC procedures, including:

• Checks on the precision of the instrument calibration by analyzing standard solutions with the required range of concentration;

• Accuracy Control is accomplished by using Certified Reference Materials (CRM) that are matrix-matched materials with assigned target values, CRMs are included in every batch or at frequent intervals if batches are large or if testing is continuous;

• Blanks are used to check for interference and detection limits of the assay method; one blank is included in every batch of samples, or at frequent intervals if batches are large or if testing is continuous; and

• Duplicate samples are included in every batch, or at frequent intervals if batches are large or if testing is continuous.

Behre Dolbear considers that the Al Amri Laboratory is reputable and reliable and that the preparation and analysis of the samples submitted was adequate and suitable for the material involved.

Data Verification

Geological data was verified by reference to published 1;250,000 geological maps and by inspection of geological outcrops in key locations. The geological interpretations were verified by reference to the authors previous 30 years experience of geological mapping and mineral exploration throughout the

Nubian-Arabian Shield (ie, Egypt, Sudan, Saudi Arabia and Yemen) and by reference to the voluminous literature of published and unpublished reports on the geology and mineral resources of Egypt.

Sampling procedures used by SMW field staff were verified by inspection of the sample locations, sample documentation and inspection of the sample preparation facilities and procedures.

Sample analysis methods and procedures used by the Al Amri Laboratory in Jedda, Saudi Arabia (Al Amri Chemicals & Laboratory Division) that is ISO 9001-2000 Certified (http://zedgroup.com/history.html) were verified by previous personal experience of the Al Amri Laboratory (on other projects) and by reference to the QA/QC documentation available on the Al Amri Laboratory website. The Al Amri Laboratory follows industry standard QA/QC procedures, including:

• Checks on the precision of the instrument calibration by analyzing standard solutions with the required range of concentration;

• Accuracy Control is accomplished by using Certified Reference Materials(CRM) that are matrix-matched materials with assigned target values, CRMS are included in every batch or at frequent intervals if batches are large or if testing is continuous;

• Blanks are used to check for interference and detection limits of the assay method; One blank is included in every batch of samples, or at frequent intervals if batches are large or if testing is continuous; and

• Duplicate samples are included in every batch, or at frequent intervals if batches are large or if testing is continuous.

Behre Dolbear has compared the SMW sample assay data with historical assay data collected from similar locations by various organisations at various times during the past 40 years, as described in Section 6 History above. In general, the SMW assay data was consistent with this historical assay data, which indicates that the SMW sampling and analysis was reasonably accurate, reliable and fit for purpose. However, Behre Dolbear recommends that SMW should introduce industry standard QA/QC protocols and procedures for all its sampling and analytical work.

Mineral Resource and Mineral Reserves

There are no mineral reserve or mineral resource estimates at any of the known mineral occurrences in the Um Balad Concession Area.

Proposed Exploration

In 2009, SMW initiated a comprehensive geophysical survey on its properties, including NI 43-101 technical reports prepared by Behre Dolbear. Updated reports were prepared and provided in October 2010.

In order to determine the sub-surface extent of the mineralised zones and estimate the gold and copper resource within each site, it is proposed to do this by means of drilling, in two phases, a first phase of widely spaced holes along profiles located 160m apart, followed by a second phase of infill drilling in the zones of interest along drill profiles 80m apart and eventually in selected areas 40m apart. The distance between the drill holes along the profiles will be 40m.

The first stage of the drilling programme will establish the location and extent of the mineralisation. Following a review of the results, the drilling programme should be reviewed and amended as required in order to concentrate the second stage of the drilling programme on the priority targets.

The second stage of drilling is not expected to be dependant of the completion of the first stage as it is expected that any proposed second stage drilling for targets that fail to live up to expectations will be re-allocated to the highest priority targets.

The budget for this work will depend to some extent on contractual arrangements for the drilling programme, but is expected to be equivalent to the US$5,000,000 expenditure commitment required by the Concession Agreement. The main uncertainties relate to decisions on whether to use own drill rigs or contractors, and the related mobilisation and establishment costs.

It was the opinion of the author of the Um Balad Report that the results of the initial exploration phase expenditure justify proceeding with the US$5,000,000 expenditure commitment for the evaluation phase required by the Um Balad Agreement.

Selected Financial Information of SMW

The following table sets out selected financial information for and as of the end of the periods indicated. This financial information is derived from the audited financial statements of SMW for the fiscal years ended December 31, 2009, 2008 and 2007 and from the unaudited nine month period ending September 30, 2010. These financial statements are in U.S. dollars and in accordance with the International Financial Reporting Standards.

	September 30, 2010 (interim) (US$)	**December 31, 2009 (annual) (US$)**	**December 31, 2008 (annual) (US$)**	**December 31, 2007 (annual) (US$)**
Total Revenues	-	608,179	807,048	
Loss From Continuing Operations	907,174	375,490	84,534	9,702
Net Loss In Total	904,174	375,490	84,534	9,702
Total Assets	749,692	1,618,454	460,069	17,511
Due to related parties	153,211	1,208,800	-	-
Total Long Term Debt	153,211	1,208,800	-	-
Cash Dividends Declared	n/a	n/a	n/a	n/a

Management’s Discussion and Analysis of SMW

The following Management’s Discussion and Analysis ("**MD&A**") provides information that management believes is relevant to an assessment and understanding of SMW’s results from operations and financial condition.

This discussion should be read in conjunction with the financial statements and accompanying notes of SMW for the years ended December 31, 2009, 2008 and 2007 and for the nine months ended September 30, 2010. All amounts are stated in U.S. dollars unless otherwise stated. Certain statements contained in Management's Discussion and Analysis, constitute forward looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of SMW to be materially different from any future results, performance of achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward looking statements, which speak only as of the date the statements were made and readers are advised to consider such forward-looking statements in light of the risks.

The following MD&A of the financial condition and interim results of operations of SMW for the years ended December 31, 2009, 2008 and 2007 and the interim financial statements for the nine month period ended September 30, 2010.

This discussion and analysis should be read in conjunction with the accompanying financial statements and attached notes, as well as the financial statements and notes for the years ended December 31, 2009, 2008 and 2007, including the section on risks.

Overview of SMW

SMW is a junior exploration and mining company dedicated to development of gold deposits in Egypt.

Plan of Operation

Certain key factors that have affected SMW's financial and operating results in the past will affect its future financial and operating results. These include, but are not limited to the following:

• Gold prices;

• The level of future gold production at El Fawakhier and Um Balad properties;

• Securing additional funding or the utilization of other venture partners will be required to fund exploration, research, development and operating expenses at the properties.

Pursuant to the LOI, ABU will purchase SMW's shares in return for approximately 53% of the RTO Resulting Issuer's shares on a post-Transaction (including post-Consolidation) basis. ABU has approximately $1,250,000 cash on account, and has raised $12,000,000 pursuant to the Concurrent Financings, the proceeds of which are deemed sufficient to finance SMW's current business plan.

Results of Operations

SMW's current business strategy is to invest in, explore and if warranted, conduct mining operations at its current mining properties. Currently, the principal assets of SMW include the concession rights to the properties at El Fawakhir and Um Balad.

Exploitation of those properties has not yet commenced and no revenue from mining production was recognized during the fiscal years 2008 and 2009.

Interim Results – Nine Months ended September 30, 2010 compared to nine months ended September 30, 2009

During the nine months ended September 30, 2010, SMW spent US$871,492 (2009 - US$111,259) on exploration, reclamation and maintenance expenses related to its mining properties. These expenses related primarily to exploration costs on the tw Egpyptian Conessions.

SMW previously conducted exploration, reclaimation and maintenance expenses related to these mining properties during 2009 under contract with SMW Engineering Ltd. ("**SMW Engineering**"), the former holder of the two Egyptian Concessions. During the nine months ended September 30, 2009, SMW incurred US$535,896 of expenditures (including depreciation of US$61,043) on the Egyptian Concessions and was paid US$608,179 by SMW Engineering for performing this contracted work. There were no similar expenditures or recoveries in the nine month period ended September 30, 2010.

SMW incurred general and administrative expenses of US$120,328 (2009 – US$120,864) during the nine months ended September 30, 2010. Of this amount, US$39,107 (2009 – US$88,058) reflects director, officer and staff compensation and related payroll taxes and benefits during the period and US$71,264 (2009 US$13,687) reflect fees for outside professional services.

SMW incurred interest expense of US$56,802 (2009 - $41,531) during the nine months ended September 30, 2010. The increase mainly relates to the increase in the average loan balance owing to Magnesium & Metals Limited period over period.

SMW's total net loss during the nine months ended September 30, 2010 was US$907,174 compared to a net income of US$230,499 during the nine months ended September 30, 2009. The variance in results, period over period, reflects the substantial increase in operating expenses as SMW pursued exploration programs on the mining concessions directly on its own behalf instead of on behalf of SMW Engineering and incurred US$871,492 on such activities during the nine months ended September 30, 2010. In the 2009 period there only US$111,259 of exploration costs were incurred. During the 2009 period, SMW also generated US$435,056 of net gains on sale of financial assets pursuant to its stock trading activities as compared to only $146,589 in the 2010 period. Partially offsetting this decline in stock trading profits was the decrease in management fees paid on the stock trading activities from $87,011 in the 2009 period to $38,195 in the 2010 period.

Annual Results, Years Ended December 31, 2009, 2008 and 2007

During the fiscal year ended December 31, 2009 SMW spent US$628,204 on exploration, reclamation and maintenance expenses related to our mining properties. Exploration, reclamation and maintenance expenses expended during the year ended December 31, 2008 were US$Nil. These expenses relate primarily to exploration costs and property improvements.

SMW also conducted exploration, reclamation and maintenance expenses related to these mining properties during 2009 and 2008 under contract with SMW Engineering. During the fiscal year ended December 31, 2009, SMW incurred US$566,418 of expenditures (including depreciation of US$91,535) on these concessions and was paid US$608,179 by SMW Engineering for performing this contracted work. During the fiscal year ended December 31, 2008, SMW incurred US$867,551 of expenditures (including depreciation of US$91,492) on these concessions and was paid US$807,048 by SMW Engineering for performing this contracted work.

SMW incurred general and administrative expenses of US$152,358 during the year ended December 31, 2009. Of this amount, US$88,344 reflects director, officer and staff compensation and related payroll taxes and benefits during the year, US$37,976 reflect fees for outside professional services, and US$15,949 reflects commissions paid to the brokers on stock transactions.

During the year ended December 31, 2008, SMW incurred general and administrative expenses of US$22,177 (2007 – US$9,125) of which US$285 (2007 – US$900) represents director, officer and staff compensation and related payroll taxes during the year, and US$18,106 (2007 – US$7,200) reflect fees for outside professional services.

SMW incurred interest expense of US$57,162 during the 2009 fiscal year. The amount of loans outstanding on average was significantly higher during the 2009 fiscal year compared to the 2008 fiscal year, which was primarily the result of US$1,152,442 in loans entered into in January 5, 2009. The higher interest expense during the 2009 fiscal year was due to the accrual of interest on the US$1,152,442 debt.

SMW's total net loss for 2009 fiscal year increased to US$375,490 compared to a net loss of US$84,534 (2007 - US$9,702) incurred for the 2008 fiscal year. The larger net loss in the 2009 fiscal year reflects the substantial increase in operating expenses as SMW pursued exploration programs on the mining concessions directly on its own behalf rather than on behalf of SMW Engineering and incurred US$628,204 on such activities in 2009. Such increased exploration costs in 209 were partially offset by US$574,228 of net gains on sale of financial assets pursuant to the stock trading activities of SMW in 2009.

Exploration Activities

In 2009, SMW initiated a comprehensive geophysical survey on its properties, including NI 43-101 technical reports prepared by Behre Dolbear. Updated reports were prepared and provided in October 2010.

Outlook

The fundamentals of the primary metals for which the Company is exploring have remained strong. Currently, the price of gold is approximately US$1,370/oz. Although it is difficult to forecast future metal prices, these current underlying fundamentals are viewed positively by the Company.

Notwithstanding these positive fundamentals, SMW is mindful that such conditions could adversely change with little or no notice. Accordingly, its plans for the near term are to conduct focused exploration activities in an efficient manner, to monitor market fundamentals, and to ensure that SMW is well positioned to both advance its properties and to weather any possible resurgence of a market downturn.

Although management has made its best estimate of these factors, it is possible that material changes could occur which may adversely affect management's estimate of operating requirements. SMW's success will be dependent upon the extent to which it can discover mineralization and the economic viability of developing its properties. Substantially all of SMW's operating and exploration funding must be derived from external financing. Should changes in equity market conditions prevent SMW from obtaining additional external financing; SMW will need to review its exploration and development programs and future planning.

Trends

SMW does not know of any trend, commitment, event or uncertainty that is expected to have a material effect on its business, financial condition or results of operations other than disclosed under "*Risk Factors*".

SMW Shares Distributed in Transaction

SMW will not issue any securities in conjunction with the Transaction. On the completion of the Transaction, SMW will become a wholly owned subsidiary of ABU, as ABU will beneficially own 100% of the issued and outstanding shares of SMW.

Stock Options

SMW does not have a stock option plan.

Prior Sales

The following table sets out the securities of SMW that were sold within the 12 months before the date of this Filing Statement.

Subscription Date	Number of Shares	Consideration
May 18, 2010	17,450	Cancellation of Debt with an aggregate value of US$24,358
May 18, 2010	300	€300
May 18, 2010	200	€200
May 18, 2010	750	€750
December 28, 2010	300	Cancellation of debt with an aggregate value of US$1,432,289

Stock Exchange Price

SMW is a "private issuer" as such term is defined in the National Instrument 45-102, *"Resale of Securities"*, and none of its securities have ever been listed for trading on any exchange or quotation system.

Capitalization

The following table sets forth the capitalization of SMW on an audited basis:

Designation of Security	Amount Authorized	Amount outstanding as of December 31, 2009	Amount outstanding as of December 31, 2010
Ordinary Shares	20,000	1,000	20,000

Dividends, Record and Policy

SMW has not paid any dividends on any of its shares in the past and does not intend to pay any dividends on its shares in the foreseeable future.

Legal Proceedings

SMW is not a party to any legal proceedings and is not aware of any pending or threatened legal proceedings against it.

Executive Compensation

During the financial year ended December 31, 2009, SMW had one Named Executive Officer: Mark Lisnyansky, the Managing Director of SMW, who acted in a capacity similar to a chief executive officer ("**CEO**"). A "**Named Executive Officer**" or "**NEO**" means the CEO or an individual who acted in a similar capacity, the chief financial officer or an individual who acted in a similar capacity (the "**CFO**") and each of the three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers at the end of the most recently completed fiscal year and whose total compensation exceeds Cdn$150,000 as well as any additional individuals for whom disclosure would have been provided except that the individual was not serving as an officer of SMW at the end of the most recently completed financial year.

SMW is a junior explorations company and, as such, there were insufficient responsibilities to occupy a full time executive position with SMW. Mr. Lisnyansky, also president of Magnesium.com, committed the majority of his working time and efforts towards management of SMW. For the most recently completed financial year, 70% of Mr. Lisnyansky's salary from Magnesium.com was allocated towards his management of SMW. Mr. Lisnyansky also received a 20% commission on stock trading gains that he personally facilitated as investment manager.

Summary of Compensation

Set out below is a summary of compensation paid during SMW's two most recently completed financial years to SMW's Named Executive Officer:

Name and Principal Position	Year	Salary (US$)	Share based awards ($)	Option based awards ($)	Non-equity incentive Plan compensation ($)		Pension value ($)	All other Compensation (US$)	Total Compensation ($)
					Annual incentive plans	Long – term incentive plans			
Mark Lisnyansky, Managing Director	2009	$118,125	Nil	Nil	Nil	Nil	Nil	$88,344(1)	$206,469
	2008	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

(1) Mr. Lisnyansky, as Investment Manager was issued this commission on stock trading gains in 2009, but $87,011 of that amount was actually paid in 2010.

Management Contracts

No management functions of SMW are to any substantial degree performed by a person or company other than the respective directors or executive officers of SMW.

Non Arm's Length Transactions

Other than the transactions with SMW Engineering, Magnesium Metals and Magnesium.com described above under the heading "General Development of the Business", SMW has not had any Non Arm's Length Transactions within the five years before the date of this Filing Statement.

Auditor, Registrar and Transfer Agent for the subsidiaries

The auditor for SMW is AuditLine Ltd. at its offices in Nicosia Cyprus. SMW is a "private issuer" as such term is defined in the National Instrument 45-102 "*Resale of Securities*", and it does not have a registrar and transfer agent.

Material Contracts

Other than described above under the heading "General Development of the Business", SMW has not entered into any material contracts within the two years before the date of this Filing Statement, other than contracts in the ordinary course of business.

SCHEDULE "C"

INFORMATION CONCERNING THE RTO RESULTING ISSUER – NILE GOLD CORP.

Name and Incorporation of Nile Gold Corp.

Following the completion of the Transaction, the RTO Resulting Issuer will hold 100% of the issued and outstanding shares of SMW. The RTO Resulting Issuer, assuming the completion of the Continuance, will be a corporation governed by the *Business Corporations Act* (British Columbia). The RTO Resulting Issuer's head office will be located at ABU's present office which is located at Suite 1578, 609 Granville, Vancouver, British Columbia. The registered and records office of the RTO Resulting Issuer will be located at 2610-1066 West Hastings Street, Vancouver, British Columbia, V6E 3X1. The RTO Resulting Issuer's subsidiary, SMW, will continue to be governed by the laws of Cyprus. SMW's exploration office in Egypt will be located at 12311 Dokki, Hussein Street 30, Office 7, Cairo, Egypt.

Corporate Structure of the RTO Resulting Issuer

As at the date of this Filing Statement, ABU's only subsidiary is SpinCo. Following the completion of the Transaction, SpinCo will cease to be a subsidiary of ABU and will be owned by the current ABU Shareholders. As the RTO Resulting Issuer will acquire all of the issued and outstanding shares of SMW pursuant to the Transaction, SMW will be a wholly owned subsidiary of the RTO Resulting Issuer.

RTO Resulting Issuer's Share Capital

Following the completion of the Transaction, the share capital of the RTO Resulting Issuer will consist of an unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

Common Shares

All of the common shares will rank equally as to voting rights, participation in a distribution of the assets of the on liquidation, dissolution or winding-up and the entitlement to dividends. The holders of the common shares will be entitled to receive notice of all meetings of shareholders and to attend and vote the shares at the meetings. Each common share will carry with it the right to one vote. In the event of the liquidation, dissolution or winding-up of the RTO Resulting Issuer or other distribution of assets of the RTO Resulting Issuer, the holders of the common shares will be entitled to receive, on a *pro rata* basis, all of the assets remaining after the RTO Resulting Issuer has paid its liabilities. There will be no set dividend rate or dividend schedule for the common shares. The board of directors of the RTO Resulting Issuer will decide if and when dividends should be declared and paid.

Preferred Shares

The preferred shares may be issued from time to time in one or more series, each series consisting of a number of preferred shares as determined by the board of directors of the RTO Resulting Issuer who may also fix the designations, rights, privileges, restrictions and conditions attaching to the shares of each series of preferred shares.

Business of the RTO Resulting Issuer

The business of SMW will become the business of the RTO Resulting Issuer. Information concerning the business of SMW is contained under *"Information Concerning SMW – General Development of Business"*. Following the completion of the Transaction, it is anticipated that the RTO Resulting Issuer will change its name to "Nile Gold Corp.", and will start trading on the Exchange under the new trading symbol "NLG".

The principal business objective of the RTO Resulting Issuer following the Transaction will be to continue to explore and develop the Um Balad and El Fawakhir Properties and to implement the programs contemplated in the Um Balad and El Fawakhir Technical Reports. The reports are filed on SEDAR and are summarized in this Filing Statement under the heading *"Information Concerning SMW – The Properties"*. There is no assurance that the RTO Resulting Issuer will be successful in continuing SMW's current business. Information relating to risks associated with the business of SMW and the RTO Resulting Issuer is contained under *"Risk Factors"*. Information relating to mining business in Egypt is contained under *"Information Regarding SMW – Mining Business in Egypt."*

Business Objective and Milestones

The RTO Resulting Issuer will focus on the exploration and development of the Um Balad and El Fawakhir natural resource properties located in Egypt and intends to use the funds available to complete the recommended work programs contained in the Um Balad Technical Report and the El Fawakhir Technical Report.

Pro Forma Consolidated Capitalization

The pro forma consolidated capitalization of the RTO Resulting Issuer following the Transaction will be as shown in the following table:

Designation of Security	Amount authorized	Amount outstanding as of September 30, 2010	Amount outstanding after giving effect to the Transaction([(1)(2)(3)]
Common Shares	Unlimited	15,693,266	48,433,306
Preferred Shares	Unlimited	Nil	Nil
Warrants[(4)]	3,490,000	3,490,000	42,276,000
Agent's Options[(5)]	Nil	Nil	650,000
Stock Options[(6)]	200,000	200,000	9,431,460[(7)]

Notes:

(1) The numbers shown assume completion of the Consolidation based on the issued and outstanding share capital of ABU as at September 30, 2010.

(2) Based on the issued and outstanding capital of ABU as at September 30, 2010, and after giving effect to the Consolidation and the Current Financings and assuming conversion of the Subscription Receipts. Pursuant to the Concurrent Financings, an aggregate of 15,000,000 Units will be issued. Such Units will be comprised of one common share and one common share purchase warrant, with each warrant entitling the holder thereof to acquire one additional common share of the RTO Resulting Issuer at a price of $1.20 for a period of 30 months.

(3) Assuming completion of the RTO. Pursuant to the Share Exchange Agreement, 25,000,000 Units of the RTO Resulting Issuer will be issued to the SMW Shareholders. Each Unit will consist of one common share and one common share purchase warrant, with each with each warrant entitling the holder thereof to acquire one additional common share of the RTO Resulting Issuer at a price of $1.20 for a period of 30 months. In addition, 880,000 shares

and 880,000 warrants ("Finder's Warrants") will be issued to the Finder. Each Finder's Warrant is exercisable into one common share of the RTO Resulting Issuer at a price of $1.20 for a period of 30 months.

(4) As at September 30, 2010. Does not include the warrants issued pursuant to the exercise of the Agent's Options. For the purposes of the prospective disclosure contained in this Filing Statement, it has been assumed that an additional 3,090,000 ABU Warrants will be exercised prior to the Effective Date.

(5) In connection with the Brokered Concurrent Financing, 650,000 Agent's Options will be issued. Each Agent's Option is exercisable into one Unit for an exercise price of $0.80 and will have the same terms as the Units issued pursuant to the Brokered Concurrent Financing. See "*Information Concerning ABU – Concurrent Financings*".

(6) For the purposes of the prospective disclosure contained in this Filing Statement, it has been assumed that these 200,000 ABU Options will be exercised prior to the Effective Date. Upon completion of the Transaction, 6,000,000 stock options will be issued to certain directors and officers, members of the advisory board and consultants of the RTO Resulting Issuer. Of these: (a) 1,500,000 will vest on the date the trading price of the RTO Resulting Issuer's shares on the Exchange closes at or above $0.90 for 45 consecutive days and will be exercisable at that price; (b) 1,500,000 will vest on the date the trading price of the RTO Resulting Issuer's shares on the Exchange closes at or above $1.20 for 45 consecutive days and will be exercisable at that price; (c) 1,500,000 will vest on the date the trading price of the RTO Resulting Issuer's shares on the Exchange closes at or above $1.60 for 45 consecutive days and will be exercisable at that price; and (d) 1,500,000 will vest on the date the trading price of the RTO Resulting Issuer's shares on the Exchange closes at or above $2.00 for 45 consecutive days and will be exercisable at that price. The 6,000,000 stock options issued to management under the Share Exchange Agreement will expire the earlier of: (i) three years from the date of grant and (ii) the date the holder ceases to be a director, senior officer of, or otherwise employed by the RTO Resulting Issuer or its subsidiaries.

(7) Assuming the New Option Plan will be approved by ABU Shareholders at the Meeting. Management intends to grant 3,100,000 stock options prior to the Effective Date.

Fully Diluted Share Capital

The following table shows the fully diluted share capital of the RTO Resulting Issuer following the completion of the Transaction:

Securities	Number[1]	Approximate % - Fully Diluted Following Completion of the Transaction
Common shares		
Issued prior to the Transaction	7,593,306	7.6%
Issued to the SMW Shareholders pursuant to the Transaction	25,000,000	25.1%
Issuable to subscribers pursuant to the Concurrent Financings [2]	15,000,000	15.1%
Issuable to the Finder	880,000	0.9%
Total	**48,473,306**	**48.7%**
Warrants		
Issued prior to the Transaction	160,000	0.2%
Issuable to subscribers pursuant to the Concurrent Financings[2]	15,000,000	15.1%
Issued to the SMW Shareholders pursuant to the Transaction	25,000,000	25.1%
Issuable to the Finder	880,000	0.9%

Securities	Number[1]	Approximate % - Fully Diluted Following Completion of the Transaction
Total	**41,040,000**	**41.3%**
Options		
Issued Prior to the Transaction	3,100,000[2]	3.1%
Agent's Options (Warrants)[3]	650,000	0.7%
Stock Options issued pursuant to the Transaction	6,000,000	6.0%
Total	**9,750,000**	**9.8%**

Notes:

(1) All numbers in the above table are shown post-Consolidation and assume exercise of an additional (pre-Consolidation) 1,590,000 ABU Warrants and 200,000 ABU Options prior to the Effective Date.

(2) Assuming the New Option Plan is approved by the Exchange.

(3) Assuming full conversion of the Subscription Receipts.

Available Funds and Principal Purposes

As at September 30, 2010, the estimated working capital of the RTO Resulting Issuer after giving effect to the Transaction is $11,501,299 which is based on estimated current assets as at September 30, 2010 of $12,555,869 less estimated current liabilities of $1,054,570. These figures include $11,230,000 in additional funding expected as a result of the Concurrent Financings, net of the estimated transaction costs. The RTO Resulting Issuer will use the estimated working capital for, among other things, fees and expenses in connection with the Transaction, making certain capital expenditures, increasing the operating crews, and other ongoing operating expenses of the RTO Resulting Issuer. See *"Information Concerning ABU – Concurrent Financings"* and *"Information Concerning the RTO Resulting Issuer - Available Funds and Principal Purposes"".*

The general and administrative expenses as at September 30, 2010 are $120,328. On an annual basis the general and administrative expense will total approximately $160,000 which includes additional salaries and capital market expenses, as set forth below:

G&A Canada	$40,000
G&A Egypt	$120,000
Total:	$160,000

A pro forma statement of financial position of the RTO Resulting Issuer as at September 30, 2010, giving effect to the completion of the Transaction and the Concurrent Financings, as prepared by Management, is attached to this Filing Statement as Schedule "E".

The RTO Resulting Issuer will spend the funds available to it upon completion of the Transaction to further the RTO Resulting Issuer's stated business objectives. There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary in order for the RTO Resulting Issuer to achieve its stated business objectives.

The following table sets out the principal purposes, using approximate amounts, for which the RTO Resulting Issuer currently intends to use its available consolidated working capital on completion of the Transaction and the Concurrent Financings.

Item	Approximate Amount
Estimated additional costs to complete the acquisition of the SMW Shares, not including estimated commissions and fees to complete Concurrent Financings	$380,000
Agent's fee per Brokered Concurrent Financing	$520,000
General and Administrative Expenses (for the next 12 months)	$720,000
Exploration Program for the Um Balad Property as recommended by the Um Balad Report	US$5,000,000(1)
Exploration Program for the Property as recommended by the El Fawakhir Report	US$5,000,000(1)
Unallocated	$1,530,000
Total	$13,250,000

Notes:

(1) Cdn$5,050,000 assuming an exchange rate of Cdn $1.01 for each US$1.00.

Dividends

The RTO Resulting Issuer is not expected to pay dividends for the foreseeable future. There are no restrictions on the ability of the RTO Resulting Issuer to pay dividends, other than laws of general application relating to insolvency.

Principal Securityholders

To the knowledge of the directors and senior officers of SMW as of the date of this Filing Statement, other than set forth below, there are no shareholders (other than securities depositories) who will beneficially own, directly or indirectly, or exercise control or direction over voting securities carrying more than 10% of the voting rights attached to any class of voting securities of the RTO Resulting Issuer.

Name of Shareholder	Number of RTO Resulting Issuer Shares	Percentage of Outstanding Shares assuming completion of the Transaction
Magnesium and Metals Ltd.	22,187,500	47.0%

Directors and Officers of the RTO Resulting Issuer

The names, municipalities of residence, the number of voting securities beneficially owned, directly or indirectly, or over which each exercises control or direction, following the successful completion of the Transaction, and the offices to be held by each in the RTO Resulting Issuer and the principal occupation of the proposed directors and senior officers of the RTO Resulting Issuer during the past five years are as follows:

Name of Director, Officer or Promoter	Offices to be Held	Principal Occupation During Past 5 years	Number of Common Shares Beneficially Owned or Controlled following the Proposed Transaction(1)	Percentage of Common Shares Beneficially Owned or Controlled following the Transaction
Robert Matthews *Vancouver, Canada*	Chief Executive Officer and Director	Mr. Matthews is a Chartered Accountant and is currently President of Sheppards Building Materials Inc. Mr. Matthews was previously a director of Viceroy Resource Corporation (now Quest Capital) Until the recent acquisition in 2010 by Osisko Mining Corp, Mr. Mathews was the CFO of Brett Resources. Currently Mr. Mathews is a director of Skyline Gold and Virginia Energy.	280,000	0.58%
William Shor *Moscow, Russia*	Director	Prior to joining Core Carbon Group as CEO, Mr. Shor was Komi Aluminium's (RUSAL GROUP) Chief Financial Officer and Chief Development Officer and acted as the Deputy General Director of the largest greenfield mining project in Russia until its sale to a major strategic partner. Prior he was Managing Director of European Emerging Markets at Solomon Smith Barney. He also spent time at Chase Manhattan Bank focusing on emerging markets trade finance	Nil	Nil
Mokhamed Khadi *Cairo, Egypt*	Director	Mr. Khadi is qualified metallurgist and mechanical engineer, Mr. Khadi has held managerial positions at a number of oil & gas, manufacturing and service companies in the Middle East, Russia and the CIS during the past 25 years.	Nil	Nil
David Parry *Vancouver, Canada*	President, Director	Mr. Parry is involved in a number of private energy companies in the Middle East and Russia and as a Director of Transeuro Energy Corp. was instrumental in the initial asset acquisition and financing of Abenteuer’s projects in the international energy market.	1,230,000(2)	2.5%

Name of Director, Officer or Promoter	Offices to be Held	Principal Occupation During Past 5 years	Number of Common Shares Beneficially Owned or Controlled following the Proposed Transaction(1)	Percentage of Common Shares Beneficially Owned or Controlled following the Transaction
Peter Pollard *Sheffield, England*	Director	Dr. Pollard has more than 25 years worldwide experience in project generation and evaluation, assessment of resource potential al and review of company projects. He is an industry-recognized expert in Cu-Au porphyries and skarns including consulting assignments at Escondida Norte, Grasberg and Oyu Tolgoi. Significant experience in iron-oxide copper-gold systems including Olympic Dam, Cloncurry district (Australia), Carajas district (Brazil), northern Chile and Peru, and Mexico. Dr Pollard holds a PhD degree from James Cook University, Australia and is a nonexecutive director of G4G Resources (TSXV-GXG) and Hunter Bay Minerals (TSXV-HBY).	10,000	0.02%
Stephen Polakoff *Moscow, Russia*	Director	Mr. Polakoff is currently General Counsel and a Member of the Management Board at Integra Group (LSE - INTE). He was previously the General Counsel at Deutsche Bank Moscow (2004- 2006), as well as Head of Legal at UFG, and a Senior Associate at Clifford Chance CIS Ltd (Moscow) (2000-2004). Mr. Polakoff was a director of High River Gold Mines Ltd. (TSX:HRG) from 2008 – 2009.	112,500	0.2%
Sean McGrath *Vancouver, Canada*	Chief Financial Officer and Corporate Secretary	Mr. McGrath is a professional accountant who has spent the last thirteen years providing financial management services to publicly traded companies, with emphasis on junior mineral exploration and oil and gas exploration companies. Additionally, he is currently the Chief Financial Officer of Columbus Gold Corp., Columbus Silver Corp. and Empire Mining Corp.	488,400(3)	1.0%

Notes:
(1) Share ownership is shown post-Consolidation.
(2) Assuming the exercise of an additional (pre-Consolidation) 500,000 ABU Warrants prior to the Effective Date.
(3) Assuming the exercise of an additional (pre-Consolidation) 450,000 ABU Warrants and 200,000 ABU Options prior to the Effective Date.

Other Reporting Issuer Experience

The following table sets out the other proposed directors, officers and promoter(s) of the RTO Resulting Issuer that are, or have been within the last five years, directors, officers or promoters of other issuers that are or were reporting issuers in any Canadian jurisdiction.

Name of Director, Officer or Promoter	Name of Reporting Issuer	Market	Position	Term
David Parry	Transeuro Energy Corp.	TSX-V	Director	Sept. 2004- Present
Sean McGrath	Columbus Gold Corp.	TSX-V	Officer	March 2006 – Present
	Columbus Silver Corporation	TSX-V	Officer	Aug 2007 – Present
	Empire Mining Corporation	TSX-V	Officer	April 2006 – Present
	Transeuro Energy Corp.	TSX-V	Officer	Sept 2009 – May 2010
Stephen Polakoff	High River Gold Mines Ltd.	TSX-V	Director	Sept 2008 – Sept 2009
Peter Pollard	G4G Resources Ltd.	TSX-V	Director	Feb 2008 - Present
	Hunter Bay Minerals plc	TSX-V	Director	July 2007- Present
Robert Matthews	Skyline Gold Corporation	TSX-V	Director	July 2010 - Present
	Virginia Energy Resources Inc.	TSX-V	Director	January 2006 - Present
	Brett Resources Inc.	TSX-V	Chief Financial Officer	March 2005 – June 2010
	Skeena Resources Limited	TSX-V	Chief Financial Officer	Feb 2005- May 2008
	Viceroy Exploration Ltd.	TSX-V	Director	March 2003 – January 2007

Management

The following sets out details respecting the proposed management, directors and members of the Audit Committee of the RTO Resulting Issuer:

Robert Matthews – *Vancouver, Canada – Chief Executive Officer and Director*

Mr. Matthews is a Chartered Accountant and is currently President of Sheppards Building Materials Inc. Mr. Matthews was previously a director of Viceroy Resource Corporation which under a plan of arrangement went to Quest Capital, spinning out Viceroy Exploration Ltd. which was subsequently sold to Yamana Gold Inc. in 2007. Until the recent acquisition in 2010 by Osisko Mining Corp, Mr. Matthews was the Chief Financial Officer of Brett Resources Inc. Mr. Matthews was Manager/Controller for MacMillan Bloedel from 1974 to 1993. Currently Mr. Mathews is a director of Skyline Gold Corporation and Virginia Energy Resources Inc.

It is expected that Mr. Matthews will devote 100% of his time to the management of the RTO Resulting Issuer.

David Parry – *Vancouver, Canada – President Director*

Mr. Parry has been working with public and private companies in the natural resource sector over the past 15 years. He has an extensive network of contacts and relationships throughout Europe, the Former

Soviet Union, Asia and Africa, and significant experience in mergers and acquisitions. Mr. Parry has been a director of Transeuro Energy Corp. since September 24, 2004 and Abenteuer Resources Corp. since August 1, 2008.

Mr. Parry will devote the time necessary to perform the work required in connection with the management of the RTO Resulting Issuer.

Peter Pollard – *Sheffield, England – Director*

Dr. Pollard has more than 25 years worldwide experience in project generation and evaluation, assessment of resource potential al and review of company projects. He is an industry-recognized expert in Cu-Au porphyries and skarns including consulting assignments at Escondida Norte, Grasberg and Oyu Tolgoi. Significant experience in iron-oxide copper-gold systems including Olympic Dam, Cloncurry district (Australia), Carajas district (Brazil), northern Chile and Peru, and Mexico. Dr Pollard holds a PhD degree from James Cook University, Australia and is a nonexecutive director of G4G Resources (TSXV-GXG) and Hunter Bay Minerals plc (TSXV-HBY).

Mr. Pollard will devote the time necessary to perform the work required in connection with the management of the RTO Resulting Issuer.

William Shor – *Moscow, Russia – Director*

Prior to joining Core Carbon Group as CEO, Mr. Shor was Komi Aluminum's (RUSAL GROUP) Chief Financial Officer and Chief Development Officer and acted as the Deputy General Director of the largest greenfield mining project in Russia until its sale to a major strategic partner. Previously he was Managing Director of European Emerging Markets at Solomon Smith Barney. He also spent time at Chase Manhattan Bank focusing on emerging markets trade finance. Bill has a Bachelors degree from Binghamton University and an MBA from Columbia University's Graduate School of Business. He also has a Masters in International Affairs from Columbia University.

Mr. Shor will devote the time necessary to perform the work required in connection with the management of the RTO Resulting Issuer.

Mokhamed Khadi – *Moscow, Russia – Director*

Mr. Khadi is qualified metallurgist and mechanical engineer. Mr. Khadi has held managerial positions at a number of oil and gas, manufacturing and service companies in the Middle East, Russia and the CIS during the past 25 years.

Mr. Khadi will devote the time necessary to perform the work required in connection with the management of the RTO Resulting Issuer.

Stephen Polakoff– *Moscow, Russia – Director*

Mr. Polakoff is a New York qualified lawyer with several years of experience working on capital markets, project finance, banking and corporate transactions, the last five years of which have been spent in Russia. He currently serves as General Counsel for Integra Group, a Russian oil services and field equipment manufacturing company listed on the London Stock Exchange. Prior to joining Integra, Mr. Polakoff was General Counsel and Head of the Legal Department for Deutsche UFG in Moscow. While with Deutsche UFG, he served as the Bank's senior in-house advisor on numerous financial offerings on Russian and international exchanges.

Mr. Polakoff will devote the time necessary to perform the work required in connection with the management of the RTO Resulting Issuer.

Sean McGrath – ***Vancouver, British Columbia – Chief Financial Officer***

Mr. McGrath is a professional accountant who has spent the last thirteen years providing financial management services to publicly traded companies, with emphasis on junior mineral exploration and oil and gas exploration companies. Additionally, he is currently the Chief Financial Officer of Columbus Gold Corp., Columbus Silver Corp. and Empire Mining Corp.

Mr. McGrath will devote the time necessary to perform the work required in connection with the management of the RTO Resulting Issuer.

Audit Committee

The members of the Audit Committee of the RTO Resulting Issuer will be Stephen Polakoff, William Shor, and Peter Pollard. For more information respecting the RTO Resulting Issuer audit committee members, see “Management”.

Conflicts of Interest

There are potential conflicts of interest to which the directors, officers, Insiders, promoters and Control Persons of the RTO Resulting Issuer may be subject in connection with the operations of the RTO Resulting Issuer. All of the directors, officers, Insiders and promoters are engaged in and will continue to be engaged in corporations or businesses which may be in competition with the business of the RTO Resulting Issuer. Accordingly, situations may arise where the directors, officers, Insiders and promoters will be in direct competition with the RTO Resulting Issuer. Conflicts, if any, will be subject to the procedures and remedies as provided under applicable regulatory agencies. See also *“Information concerning the RTO Resulting Issuer - Risk Factors”*.

Corporate Cease Trade Orders or Bankruptcies

During the past ten years, none of the proposed directors, officers and promoters of the RTO Resulting Issuer were directors, officers or promoters of any other reporting issuer as defined under applicable securities legislation that was, during his tenure, the subject of a cease trade order or similar order or an order that denied that issuer access to any statutory exemptions for a period of more than 30 consecutive days, or was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that issuer.

Penalties or Sanctions

None of the proposed directors, officers, promoters or Control Persons of the RTO Resulting Issuer have been subject to any penalties or sanctions imposed by a Court or by a securities regulatory authority relating to securities legislation, has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable security holder making a decision about the Transaction.

Individual Bankruptcies

None of the proposed directors, officers, promoters or Control Persons of the RTO Resulting Issuer or a personal holding company of such persons have, during the past ten years, been declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under bankruptcy or insolvency legislation or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his assets.

Anticipated Executive Compensation

Following completion of the Transaction, the RTO Resulting Issuer will have two Named Executive Officers, being Robert Matthews, Chief Executive Officer, and Sean McGrath, Chief Financial Officer. It is anticipated that the directors of the RTO Resulting Issuer will recommend how much, if any, compensation will be paid to the Named Executive Officers.

Indebtedness of Directors and Officers

No director, executive officer or other senior officer of the RTO Resulting Issuer or SMW or person who acted in such capacity in the last financial year of ABU or SMW, or proposed director or officer of the RTO Resulting Issuer, or any Associate of any such director or officer is, or has been, at any time since the beginning of the most recently completed financial year of ABU or SMW, indebted to ABU or SMW nor is, or at any time since the incorporation of ABU or SMW has, any indebtedness of any such person been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the ABU or SMW.

Investor Relations Arrangements

Neither ABU nor SMW has entered into any written or oral agreement or understanding with any person to provide any promotional or investor relations services for ABU or its securities. Following the completion of the Transaction, the RTO Resulting Issuer may enter into investor relations arrangements.

Options to Purchase Securities

SMW has no outstanding stock options or a stock option plan to purchase its common shares. Upon completion of the Transaction, the RTO Resulting Issuer will issue 6,000,000 incentive stock options to management pursuant to the Share Exchange Agreement, and 3,100,000 stock options will be granted prior to the Effective Date for an aggregate of 9,431,460 issued and outstanding stock options.

One quarter of the options granted pursuant to the Share Exchange Agreement will be exercisable at $0.90 share and will vest on the date that the trading price of the RTO Resulting Issuer common shares on the Exchange closes at $0.90 or above per share for 45 consecutive days; one quarter of the options granted pursuant to the Share Exchange Agreement will be exercisable at $1.20 per share and will vest on the date that the trading price of the RTO Resulting Issuer common shares on the Exchange closes at $1.20 or above per share for 45 consecutive days; one quarter of the options granted pursuant to the Share Exchange Agreement will be exercisable at $1.60 per share and will vest on the date that the trading price of the RTO Resulting Issuer common shares on the Exchange closes at $1.60 or above per share for 45 consecutive days; and, one quarter of the options granted pursuant to the Share Exchange Agreement will be exercisable at $2.00 per share and will vest on the date that the trading price of the RTO Resulting

Issuer common shares on the Exchange closes at $2.00 or above per share for 45 consecutive days. The options granted pursuant to the Share Exchange Agreement will expire on the earlier of three years from the date of grant, and 90 days after the holder ceases to be a director or officer of, or otherwise employed by, the RTO Resulting Issuer or its subsidiaries.

One twenty-fourth of the balance of the options granted pursuant to the New Option Plan will vest to the holders thereof each month for a period of twenty-four months, and will be exercisable for $1.00 per share.

The table below sets forth the options that will be held by optionees upon completion of the Transaction:

Optionees	**Aggregate Number of Options Granted upon Completion of the Transaction**
Officers of the RTO Resulting Issuer(1)	4,700,000(2)
Directors of the RTO Resulting Issuer who are not also Officers(3)	1,150,000(4)
Employees, Consultants and Others(5)	3,340,000(6)
Total:	**9,189,988**

Note:
(1) The officers of the RTO Resulting Issuer are Sean McGrath, David Parry and Robert Matthews.
(2) Represents an aggregate of 3,450,000 options granted pursuant to the Share Exchange Agreement, and an aggregate of 1,250,000 options granted pursuant to the New Option Plan.
(3) The directors of the RTO Resulting Issuers, who are not also officers, are William Shor, Mokhamed Khadi, Stephen Polakoff, and Peter Pollard.
(4) Represents an aggregate of 3,100,000 options granted pursuant to the Share Exchange Agreement, and an aggregate of 1,400,000 options granted purusnat to the New Option Plan.
(5) Represents 29 individuals.
(6) Represents an aggregate of 300,000 granted pursuant to the Share Exchange Agreement, and an aggregate of 3,040,000 granted pursuant to the New Option Plan.

Escrowed Securities

As at the date of this Filing Statement, no securities of SMW or ABU are held in escrow. Pursuant to Exchange Policies, all securities held by Principals of the RTO Resulting Issuer, and all RTO Units issued as consideration to SMW Shareholders pursuant to the Share Exchange Agreement, will be subject to escrow following completion of the Transaction.

According to the Exchange Policies, 10% of those ABU securities acquired by Principals of the RTO Resulting Issuer within one year before the date the Exchange issued conditional approval of the Reverse Take-Over, and 10% of all RTO Units issued as consideration to SMW Shareholders pursuant to the Share Exchange Agreement, will be released from escrow on the issuance of the Final Exchange Bulletin (the "**Initial Release**") and an additional 15% will be released on the dates 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release (the "**Value Security Escrow**").

Also pursuant to the Exchange Policies, 25% of those ABU securities acquired by Principals of the RTO Resulting Issuer prior to one year before the date the Exchange issued conditional approval of the Reverse Take-Over will be released from escrow on the Initial Release, and an additional 25% will be released on the dates 6 months, 12 months, 18 months following the Initial Release (the "**Accelerated Escrow**").

If the RTO Resulting Issuer meets the Exchange's Tier 1 Minimum Listing Requirements either at the time the Final Exchange Bulletin is issued or subsequently, the release of the escrowed common shares will be accelerated. An accelerated escrow release will not commence until the RTO Resulting Issuer has made application to the Exchange for listing as a Tier 1 Issuer and the Exchange has issued a bulletin that announces the acceptance for listing of the RTO Resulting Issuer on Tier 1 of the Exchange. The Exchange's prior consent must be obtained before a transfer within escrow of escrowed common shares. The table below sets out the number of securities expected to be subject to escrow:

Name and Municipality of Residence of Shareholder	**Number of Escrowed Securities subject to Accelerated Escrow**	**Number of Escrowed Securities subject to Value Security Escrow**	**Percentage of Common Shares of RTO Resulting Issuer Subject to Escrow After Giving Effect to the Transaction**
Robert Matthews Vancouver, B.C.	80,000 common shares	Nil	0.2%
Peter Pollard Sheffield, England	Nil	Nil	Nil%
David Parry Vancouver, B.C.	950,000 common shares(1)	Nil	1.9%
Stephen Polakoff Moscow, Russia	100,000 common shares 60,000 warrants	Nil	0.2%
Sean McGrath Vancouver, B.C.	458,400 common shares(2)	Nil	0.9%
William Shor Moscow, Russia	Nil	Nil	Nil%
Mokhamed Khadi Moscow, Russia	Nil	Nil	Nil%
Maxim Dlugy New Jersey, USA	Nil	937,500 common shares 937,500 warrants	1.9%
Vladimir Shaskin Moscow, Russia	Nil	250,000 common shares 250,000 warrants	0.52%
Karim Ashraf Helmy Matar Cairo, Egypt	Nil	375,000 common shares 375,000 warrants	0.77%
SMW Engineering Ltd. St. Petersburg, Russia	Nil	1,250,000 common shares 1,250,000 warrants	2.6%
Magnesium and Metals Ltd. Moscow, Russia	Nil	22,187,500 common shares 22,187,500 warrants	45.8%

(1) Assumes the exercise of an additional (pre-Consolidation) 500,000 ABU Warrants prior to the Effective Date.

(2) Assumes the exercise of an additionl (pre-Consolidation) 450,000 ABU Warrants and 200,000 ABU Options prior to the Effective Date.

Auditor, Transfer Agent and Registrar

The registrar and transfer agent for the common shares of the RTO Resulting Issuer will be Olympia Trust Company, Suite 1003- 750 West Pender Street, Vancouver, British Columbia V6C 2TB.

The current auditor for ABU is PricewaterhouseCoopers LLP, Chartered Accountants of Vancouver, British Columbia. It is intended that PricewaterhouseCoopers LLP will continue as auditor of the RTO Resulting Issuer.

Experts

The audited financial statements of ABU have been included by reference in this Filing Statement with the consent of PricewaterhouseCoopers LLP, Chartered Accountants, of Vancouver. PricewaterhouseCoopers LLP reports that they are independent of ABU in accordance with the rules of professional conduct of the Institute of Chartered Accountants of British Columbia.

The audited financial statements of SMW have been included in this Filing Statement with the consent of AuditLine Ltd., Chartered Accountants of Nicosia, Cyprus. AuditLine Ltd. reports that they are independent of SMW in accordance with the rules of professional conduct of the Institute of Certified Public Accountants in Cyprus (“ICPAC”).

Richard J. Fletcher, M. Sc., C. Geol. C. Eng., the author of the Technical Reports, does not have any beneficial interest, direct or indirect, in any securities or property of ABU or SMW.

SCHEDULE “D”

FINANCIAL STATEMENTS OF SMW GOLD LIMITED

SMW GOLD LIMITED

REPORT AND CONDENSED INTERIM FINANCIAL INFORMATION
For the period from 1 January 2010 to 30 September 2010

SMW GOLD LIMITED

REPORT AND CONDENSED INTERIM FINANCIAL INFORMATION
For the period from 1 January 2010 to 30 September 2010

CONTENTS

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Natalie Gureghian Stella Chrysostomou
Company Secretary:	Diagoras (Secretarial) Ltd
Registered office:	12 Kennedy Avenue Kennedy Business Center 2nd Floor, Office 203 1087 Nicosia, Cyprus
Registration number:	210254

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of SMW GOLD LIMITED (the "Company") presents to the Members its Interim Report together with the condensed interim financial information of the Company for the period from 1 January 2010 to 30 September 2010.

Principal activity
The principal activity of the Company, which is unchanged from the last reporting period, is the exploration for and exploitation of gold and other associated minerals in two licensed territories in the Arab Republic of Egypt. For further details refer to page 8.

Review of current position, future developments and significant risks
The Company's development to date, financial results and position as presented in the financial statements are considered satisfactory. For the period from 15 October 2007 (date of incorporation) to 8 September 2009 the Company was involved in geological exploration for gold in two licensed territories in Egypt on behalf of SMW Engineering Ltd (Parent Company). On 9 September 2009 the Parent Company transferred 100% of its interest on the two licensed territories in Egypt to the Company. One of the licensed territories is located in an area called Um Balad and the other is located in an area called El Fawakhir of the eastern desert of Egypt.

The Company is a joint party to the Production Sharing Agreements with the Egyptian Mineral Resources Authority, for the exploration and exploitation of gold and other associated minerals, which were certified by the Parliament of Egypt and possess the status of law and are in good standing. The exploration work is ongoing at the two licensed territories.

The Company during 2010 established a branch in Egypt for the execution of exploration and exploitation of gold and other associated minerals. In addition the Company during the year 2010 proceeded with a debt restructuring.

The main risks and uncertainties faced by the Company and the steps taken to manage these risks are described in notes 3 and 4 of the financial statements.

Results
The Company's results (in U.S. Dollars) for the period are set out on page 4. The loss of the Company for the period from 1 January to 30 September of 2010 amounted to US$ 907,174 (9 months to 30 September 2009: Profit of US$ 230,499), which the Board of Directors recommends to be carried forward. On 30 September 2010 the total assets of the Company were US$ 749,692 (2009: US$ 1,618,454) and the net assets were US$ 82,911 (2009: net liabilities of US$ 468,308).

Share capital
Authorised capital
On 4 February 2010 the authorised share capital of the Company amounting to US$1,418 divided into 1,000 shares of €1 each, was increased to US$27,940 divided into 20,000 shares of €1 each.

Issued capital
On 4 February 2010 the Company issued to its shareholders additional share capital amounting to US$26,104 divided into 18,700 shares of €1 each, bringing the total number of the issued and fully paid share capital to 19,700 shares.

Board of Directors
The members of the Company's Board of Directors as at 30 September 2010 and at the date of this report are presented on page 1. All of them were members of the Board throughout the period from 1 January 2010 to 30 September 2010.

There were no significant changes in the assignment of responsibilities of the Board of Directors of Directors. The remuneration of the Board of Directors and key management is disclosed in Note 20.

Events after the reporting period
There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.

By order of the Board of Directors,

Stella Chrysostomou
Director
Nicosia, Cyprus, 10 December 2010

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Note	**9 months to 30 September 2010 US$**	9 months to 30 September 2009 US$
Revenue	5	**-**	608,179
Cost of sales	6	**-**	(535,896)
Gross profit/(loss)		**-**	72,283
Administration expenses	6	**(120,328)**	(120,864)
Exploration expenses	6	**(871,492)**	(111,259)
Other income	8	**1,676**	201
Other gains – net	10	**146,824**	435,056
Operating (loss) / profit		**(843,320)**	275,417
Finance costs	9	**(60,772)**	(44,918)
(Loss)/ profit before tax		**(904,092)**	230,499
Tax	11	**(3,082)**	-
Net (loss) / profit for the period		**(907,174)**	230,499
Other comprehensive income		**-**	-
Total comprehensive income/(loss) for the period		**(907,174)**	230,499

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	**30 September 2010 US$**	31 December 2009 US$
ASSETS			
Non-current assets			
Property, plant and equipment	12	**281,866**	350,538
Non-current loans receivable	13	**391,957**	682,496
		673,823	1,033,034
Current assets			
Trade and other receivables	14	**66,871**	76,948
Financial assets at fair value through profit or loss	15	**1,565**	483,945
Cash at bank and in hand	16	**7,433**	24,527
		75,869	585,420
Total assets		**749,692**	1,618,454
EQUITY AND LIABILITIES			
Equity			
Share capital	17	**27,522**	1,418
Shareholders contributions	18	**1,432,289**	-
Accumulated losses		**(1,376,900)**	(469,726)
Total equity		**82,911**	(468,308)
Non-current liabilities			
Borrowings	18	**153,211**	1,208,800
		153,211	1,208,800
Current liabilities			
Trade and other payables	19	**512,902**	877,826
Borrowings	18	**668**	136
		513,570	877,962
Total liabilities		**666,781**	2,086,762
Total equity and liabilities		**749,692**	1,618,454

On 10 December 2010 the Board of Directors of SMW GOLD LTD authorized these interim financial statements for issue.

....
Natalie Gureghian
Director

....
Stella Chrysostomou
Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

	Note	Share capital US$	Contributions from Shareholders US$	Accumulated (losses)/ retained earnings US$	Total US$
9 months to 30 September 2009					
Balance – 1 January 2009		**1,418**	-	**(94,234)**	**(92,816)**
Comprehensive income					
Profit for the period		-	-	230,499	230,499
Balance – 30 September 2009		**1,418**	-	**136,265**	**137,683**
9 months to 30 September 2010					
Balance – 1 January 2010 (Note 21)		**1,418**	-	**(469,726)**	**(468,308)**
Comprehensive income					
Loss for the period		-	-	(907,174)	(907,174)
Transactions with owners					
Issue of share capital	17	26,104	-	-	26,104
Advances payments for share capital	18	-	1,432,289	-	1,432,289
Balance – 30 September 2010		**27,522**	**1,432,289**	**(1,376,900)**	**82,911**

CONDENSED INTERIM STATEMENT OF CASH FLOWS

	Note	**9 months to 30 September 2010 US$**	9 months to 30 September 2009 US$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		**(904,092)**	230,499
Adjustments for:			
Depreciation of property, plant and equipment	12	**68,672**	68,673
Unrealised exchange loss	9	**3,970**	3,387
Net gain from the sale of financial assets at fair value through profit or loss	10	**(146,589)**	(435,056)
Fair value gains on financial assets at fair value through profit or loss	10	**(235)**	-
Interest income	8	**(251)**	(201)
Interest expense	9	**55,163**	36,581
Cash flows used in operations before working capital changes		**(1,019,963)**	(96,117)
Decrease / (increase) in trade and other receivables		**10,077**	(116,566)
Net movement in financial assets at fair value through profit or loss		**573,768**	34,971
(Decrease) / increase in trade and other payables		**(267,916)**	(103,400)
Increase in deferred income		**-**	(38,975)
Cash flows used in operations		**(704,034)**	(320,087)
Tax paid		**(3,082)**	-
Net cash flows used in operating activities		**(707,116)**	(320,087)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of property, plant and equipment	12	**-**	(358)
Loans granted	13	**(180,524)**	(265,795)
Loans repayments received	13	**471,063**	-
Interest received		**251**	201
Net cash flows from/(used in) investing activities		**290,790**	(265,952)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital	17	**26,104**	-
Net proceeds from borrowings	18	**376,564**	592,202
Unrealised exchange loss	9	**(3,970)**	(3,387)
Interest paid		**-**	(4)
Net cash flows from financing activities		**398,698**	588,811
Net (decrease) / increase in cash at bank and in hand		**(17,628)**	2,772
Cash at bank and in hand:			
At beginning of the period		**24,393**	153
At end of the period	16	**6,765**	2,925

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
For the 9 months period to 30 September 2010

1 Incorporation and principal activities

Country of incorporation

SMW GOLD LIMITED (the "Company") was incorporated in Cyprus on 15 October 2007 as a limited liability Company under the Cyprus Companies Law, Cap. 113. Its registered office is at 12 Kennedy Avenue, Kennedy Business Center, 2nd Floor, Office 203, 1087, Nicosia, Cyprus.

Principal activity

The principal activity of the Company is the exploration and exploitation of gold and other associated minerals in two licensed territories in the Arab Republic of Egypt.

By an assignment agreements dated 9 September 2009, the Company was assigned the rights and obligations related to two mineral concessions located in Egypt, effective 1 October 2007. The concessions were assigned to the Company by its parent company, SMW Engineering Ltd. The other parties to the concession agreements are the Arab Republic of Egypt and the Egyptian Mineral Resources Authority ("EMRA").

The key financial terms of the underlying concession agreement for the El Fawakhir area dated 1 October 2007 (assigned from SMW Engineering Limited to SMW Holding Limited on 9 September 2009), which the Company has assumed are as follows:

- Provision of a letter of guarantee of $500,000 on the concession in favour of EMRA and drawn on the National Bank of Egypt to guarantee the minimum exploration requirements (done by SMW Engineering Ltd.);
- Commence exploration within 4 months of the effective date of the agreement (done by SMW Engineering Ltd.);
- Subsequent extensions of the exploration rights are then for an initial one year period and then successive two year terms, upon due notice to EMRA (see (i) below);
- At the completion of the first year of the exploration term the Company must relinquish 25% of the original area not previously converted to an exploitation lease (done by SMW Engineering Ltd.);
- During the initial one year (from 9 September 2009 to 8 September 2010) exploration period the Company must incur a minimum of US$1 million in qualifying exploration expenditures on the concession and a minimum of US$5 million on the concession in the second two year (from 4 December 2010 to 5 December 2012) exploration term (see (i) below);
- Any excess in expenditure may be carried forward to a subsequent exploration term;
- Any shortfall in required spending during an exploration term must be paid to the EMRA;
- At the end of the third year of the exploration period the Company may extend for a maximum of six months and must then either relinquish all of the concession or enter into an exploitation lease;
- The Arab Republic of Egypt will be entitled to a 4% production royalty on all gold and other minerals produced from the concession;
- The exploitation term will be 20 years and may be renewed for a maximum of 10 years at the option of the Company;

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
For the 9 months period to 30 September 2010

1 Incorporation and principal activities (continued)

Principal activity (continued)

- Upon entering into an exploitation lease, the Company and EMRA will form a joint venture operating company owned equally by the Company and EMRA;
- Upon commencement of commercial production, 50% of all produced gold and associated minerals will be used to pay for the operating costs of the mine (as defined) and to reimburse the costs incurred by the Company during the exploration and exploitation phases prior to the commencement of commercial production. This gold is referred to as the cost recovery gold;
- The remaining 50% of produced gold and associated minerals will be split equally between the Company and EMRA, after deducting the 4% royalty;
- Should the proceeds from the cost recovery gold exceed the operating costs of the mine and the allowable reimbursement of the Company's exploration and exploitation costs, then the excess gold will be allocated as to 40% to the Company and 60% to EMRA;
- The title to all land acquired will be transferred to EMRA immediately upon formation of the joint venture operating company but the parties will have full use and enjoyment during the exploitation term;
- The title to all other property, plant and equipment will be transferred to EMRA as the Company recovers its investment in these assets from the cost recovery gold but the parties will have full use and enjoyment during the exploitation term; and
- There is a 10% assignment bonus on the total of the transaction whereby the original party to the agreement assigns its rights and obligations to another entity.

The key financial terms of the underlying concession agreement for the Um Balad area dated 1 October 2007 (assigned from SMW Engineering Limited to SMW Holding Limited on 9 September 2009), which the Company has assumed are as follows:

- Provide a letter of guarantee of US$1,000,000 on the concession in favour of EMRA and drawn on the National Bank of Egypt to guarantee the minimum exploration requirements (done by SMW Engineering Ltd.);
- Commence exploration within 4 months of the effective date of the agreement (done by SMW Engineering Ltd.);
- Subsequent extensions of the exploration rights are then for an initial one year period and then successive two year terms, upon due notice to EMRA (see (i) below);
- At the completion of the first year of the exploration term the Company must relinquish 25% of the original area not previously converted to an exploitation lease (done by SMW Engineering Ltd.);
- During the initial one year (from 9 September 2009 to 8 September 2010) exploration period the Company must incur a minimum of US$1 million in qualifying exploration expenditures on the concession and a minimum of US$5 million on the concession in the second two year (from 4 December 2010 to 5 December 2012) exploration term (see (i) below);

1 Incorporation and principal activities (continued)

Principal activity (continued)

- Any excess in expenditure may be carried forward to a subsequent exploration term;
- Any shortfall in required spending during an exploration term must be paid to the EMRA;
- At the end of the third year of the exploration period the Company may extend for a maximum of six months and must then either relinquish all of the concession or enter into an exploitation lease;
- The Arab Republic of Egypt will be entitled to a 4% production royalty on all gold and other minerals produced from the concession;
- The exploitation term will be 20 years and may be renewed for a maximum of 10 years at the option of the Company;
- Upon entering into an exploitation lease, the Company and EMRA will form a joint venture operating company owned equally by the Company and EMRA;
- Upon commencement of commercial production, 50% of all produced gold and associated minerals will be used to pay for the operating costs of the mine (as defined) and to reimburse the costs incurred by the Company during the exploration and exploitation phases prior to the commencement of commercial production. This gold is referred to as the cost recovery gold;
- The remaining 50% of produced gold and associated minerals will be split equally between the Company and EMRA, after deducting the 4% royalty;
- Should the proceeds from the cost recovery gold exceed the operating costs of the mine and the allowable reimbursement of the Company's exploration and exploitation costs, then the excess gold will be allocated as to 40% to the Company and 60% to EMRA;
- The title to all land acquired will be transferred to EMRA immediately upon formation of the joint venture operating company but the parties will have full use and enjoyment during the exploitation term;
- The title to all other property, plant and equipment will be transferred to EMRA as the Company recovers its investment in these assets from the cost recovery gold but the parties will have full use and enjoyment during the exploitation term; and
- There is a 10% assignment bonus on the total of the transaction whereby the original party to the agreement assigns its rights and obligations to another entity.

(i) Pursuant to a letter from EMRA, it will allow an extension until December 6, 2010 to put in place letter of guarantee of $5,000,000 on each of the concessions in favour of EMRA and drawn on the National bank of Egypt to guarantee the minimum exploration requirements for the two-year extension period on the exploration term.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
For the 9 months period to 30 September 2010

2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these condensed interim financial statements are set out below.

Unaudited financial statements

The Condensed Interim Financial Information of the Company for the nine months ended 30 September 2010 have not been audited by the Company's external auditors.

The Company's external auditors have conducted a review in accordance with the International Standard on Review Engagements 2410 'Review of Interim Financial Information performed by Independent Auditor of the Entity'.

Basis of preparation

The Condensed Interim Financial Information for the nine months ended 30 September 2010 has been prepared in accordance with the International Financial Reporting standard IAS 34 'Interim Financial Reporting' as adopted by the European Union.

The Condensed Interim Financial Information does not include all the information and disclosures required for annual financial statements and should be read in conjunction with the annual Financial Statements for the year ended 31 December 2009.

The condensed interim financial Information has been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss.

The preparation of condensed interim financial Information in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Adoption of new and revised IFRSs

During the current period the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2009. This adoption did not have a material effect on the accounting policies of the Company, with the exception of the following:

(i) International Accounting Standard (IAS) 1 "Presentation of financial statements" (revised). As a result of the adoption of this revised standard, the Company presents in the statement of changes in equity all changes resulting from transactions with shareholders, whereas all changes in equity resulting from transactions with non-shareholders of the Company are presented in the statement of comprehensive income. The presentation of comparative information has been adjusted in conformity with the revised standard. The change had an impact only on the presentation of the financial statements.

(ii) IFRS 7 "Financial Instruments – Disclosures" (amendment). As a result of the adoption of this amendment, the Company provides additional disclosures in relation to the fair value measurements of its financial instruments and liquidity risk.

At the date of approval of these condensed interim financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a significant effect on the financial statements of the Company.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the 9 months period to 30 September 2010

2. Summary of significant accounting policies (continued)

Impairment of non-financial assets

Assets that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non–financial assets, other that goodwill, that have suffered an impermanent are reviewed for possible reversals of impairment at each reporting date.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of value added tax, rebates and discounts.

The Company capitalises revenue when the amount of revenue can be reliably estimated, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenues earned by the Company are capitalised on the following bases:

- **Rendering of services**

  Rendering of services are capitalised in the accounting period in which the services are rendered by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

- **Interest income**

  Interest income is capitalised on a time proportion basis using the effective interest method. When a loan or receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans and receivables are capitalised using the original effective interest rate.

- **Income from investments in securities**

  Dividend from investments in securities is capitalised when the right to receive payment is established. Withheld taxes are transferred to the statement of comprehensive income. Interest from investments in securities is capitalised on an accruals basis.

  Profits or losses from the sale of investments in securities represent the difference between the net proceeds and the carrying amount of the investments sold and is transferred to the statement of comprehensive income.

  The difference between the fair value of investments at fair value through profit or loss as at ended 30 September 2010 and the mid cost prices represents capitalised gains and losses and are included in the statement of comprehensive income in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are capitalised in equity. When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments are included in the statement of comprehensive income as fair value gains or losses on investments, taking into account any amounts charged or credited to the statement of comprehensive incomes in previous periods.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
For the 9 months period to 30 September 2010

2. Summary of significant accounting policies (continued)

Revenue recognition (continued)

- **Dividend income**

  Dividend income is capitalized when the right to receive payment is established.

Other income

Other income consist of bank interest received, dividend received, capitalized and capitalized foreign exchange profit which are capitalized in the statement of comprehensive income based on an accrual basis.

Finance costs

Finance costs include interest expense on loan payables and bank overdrafts, bank charges and realised and unrealised exchange loss which are recognized as expenses in the period in which they fall due.

Foreign currency translation

(1) Functional and presentation currency
Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in United States Dollars (US$), which is the Company's functional and presentation currency.

(2) Transactions and balances
Foreign currency transactions are translated into the functional currency 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 year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are capitalized in the statement of comprehensive income. Translation differences on non-monetary items such as equities held at fair value through profit and loss are reported as part of the fair value gain or loss.

Tax

The tax expense for the period comprises current and deferred tax. Tax is capitalized in the income statement, except to the extent that it relates to items capitalize in other comprehensive income or directly in equity. In this case, the tax is also capitalized in other comprehensive income or directly in equity, respectively.

The current income tax is calculated in the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country in which the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. If applicable tax regulation is subject to interpretation, it establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

2. Summary of significant accounting policies (continued)

Tax (continued)

Deferred income tax assets are capitalize to the extent that it is probable that future taxable profits will be available against which the temporary differences can be capitalize.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the Company where there is an intention to settle the balances on a net basis.

Decommissioning and site rehabilitation

An obligation to incur decommissioning and site rehabilitation costs occurs when environmental disturbance is caused by exploration, evaluation, development or ongoing production. Costs are estimated on the basis of a formal closure plan and are subject to regular review.

Decommissioning and site rehabilitation costs arising from the installation of plant and other site preparation work, discounted to their net present value, are provided when the obligation to incur such costs arises and are capitalized into the cost of the related asset. These costs are charged against profits through depreciation of the asset and unwinding of the discount on the provision. Depreciation is included in operating costs while the unwinding of the discount is include as a financing cost. Changes in the measurement of a liability relating to the decommissioning or site rehabilitation of plant and other site preparation work are added to, or deducted from, the cost of the related asset.

The costs for the restoration of site damage, which arises during production, are provided at their net present values and charged against operating profits as extraction progresses. Changes in the measurement of a liability which arises during production are changed against operating profit.

The discount rate used to measure the net present value of the obligations is the pre tax rate that reflects the current market assessment of the time value of money and the risks specific to the obligation.

The Company had no significant asset retirement obligations at 30 September 2010.

Property, plant and equipment

Buildings, plant and equipment

On initial recognition, property, plant and equipment are valued at historical cost, being the purchase price and the directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary for the asset to be capable of operating in the manner intended by the Company.
Assets in the course of construction are capitalized in the capital construction in progress account. On completion, the cost of construction is transferred to the appropriate category of property, plant and equipment.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the 9 months period to 30 September 2010

2. Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

Mineral property expenditures

Exploration and evaluation expenditures related to the Um Balad and El Fawakhir projects in the Arab Republic of Egypt ('area of interest') are written off as incurred. Acquisition costs for mineral rights are capitalized.

Exploration and evaluation expenditures are capitalised when it is expected that they will be recouped by future exploration or sale, and when the exploration and evaluation activities have reached a stage that permits a reasonable assessment of the existence of commercially recoverable gold and other mineral reserves. When the technical feasibility and commercial viability of extracting gold and other mineral resource are demonstrable, capitalized exploration and evaluation assets are reclassified to mining assets.

General and administrative costs are allocated to an exploration or evaluation asset only to the extent that those costs can be related directly to operational activities in the relevant area of interest.

Capitalised acquisition, exploration and evaluation expenditure is written off where the above conditions are no longer satisfied.

Impairment of exploration and evaluation assets

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The following facts and circumstances, among other, indicate that exploration and evaluation assets must be tested for impairment:

(i) The term of exploration license in the specific area has expired during the reporting period or will expire in the near future, and is not expected to be renewed;
(ii) Substantive expenditure on further exploration for and evaluation of gold and other mineral resources in the specific area is neither budgeted nor planned;
(iii) Exploration for and evaluation of gold and other mineral resources in the specific area have not led to the discovery of commercially viable quantities of gold and other mineral resources and the decision was made to discontinue such activities in the specific area;
(iv) Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Exploration and evaluation assets are also tested for impairment once capitalization commences.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
For the 9 months period to 30 September 2010

2. Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

Depreciation

Mining assets are recorded at cost less accumulated depreciation. Mining assets include the cost of acquiring and developing mining properties, capitalized exploration and evaluation expenditures, pre-production expenditure directly attributable to mining properties, mine infrastructure and equipment directly involved in development of the deposit.

Mining assets are depreciated on a straight-line basis over the shorter of their useful economic lives or estimated useful life of the relevant mine. The estimated useful life of the mine is considered to be the shorter of the current licence period and the anticipated commercial life of the mine. The anticipated commercial life of the mine is based on estimated proven and probable ore reserves and anticipated production. Depreciation is charged from the date on which a new mine reaches commercial production quantities and is included in the cost of production. All of the Company's mining properties are currently in the exploration phase. Non-mining assets are recorded at cost, net of accumulated depreciation.

Depreciation of non – mining assets is calculated on the straight-line method so as to write off the cost of each asset to its residual value over its estimated useful life. The annual depreciation rates used are as follows:

	%
Removable Temporary Buildings	10
Plant and machinery	10
Motor vehicles	20
Furniture, fixtures and office equipment	33
Tools	20

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to the statement of comprehensive income of the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount and are capitalize in "other gains/(losses) – net" in the statement of comprehensive income.

All items of property, plant and equipment are subject to an annual impairment review.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the 9 months period to 30 September 2010

2. Summary of significant accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are capitalize in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are capitalize initially at fair value and subsequently measured at amortised cost, using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is capitalised in the income statement within 'selling and marketing costs'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'selling and marketing costs' in the income statement.

Other receivables

Other receivables are stated at their nominal value.

Loans granted

Loans originated by the Company by providing money directly to the borrower are capitalized as loans and are carried at amortised cost. This is defined as the fair value of cash consideration given to originate those loans as is determined by reference to market prices at origination date. All loans are capitalized when cash is advanced to the borrower.

An allowance for loan impairment is established if there is objective evidence that the Company will not be able to collect all amounts due according to the original contractual terms of loans. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of loans.

Financial Assets

The Company classifies its investments as financial assets at fair value through profit or loss, and loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of investments at initial recognition and re-evaluates this designation at every statement of financial position date.

- Financial assets at fair value through profit or loss

  This category has two sub categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performance is evaluated on a fair value basis, in accordance with the Company's documented investment strategy. Information about these financial assets is provided internally on a fair value basis to the Company's key management personnel. Assets in this category are classified as current assets if they are either held for trading or are expected to be capitalized within twelve months of the balance sheet date.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the 9 months period to 30 September 2010

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

- Loans and receivables

  Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market and for which there is no intention of trading the receivable. They are included in current assets, except for maturities greater than twelve months after the balance sheet date. These are classified as noncurrent assets. The Company's loans and receivables comprise trade and other receivables and cash at bank in the statement of financial position.

Regular way purchases and sales of investments are capitalize on trade date which is the date on which the Company commits to purchase or sell the asset. Investments are initially capitalized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially capitalize at fair value and transaction cost are expensed in income statement. Investments are capitalized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortised cost using the effective interest method.

Realised and capitalize gains and losses arising from changes in the fair value of "financial assets at fair value through profit or loss" category are included in the income statement within "other (losses)/gains – net" in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the income statement as part of other income when the Company's right to receive payments is established

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis, making maximum use of market inputs and relying as little as possible on entity specific inputs. Equity investments for which fair values cannot be measured reliably are capitalised at cost less impairment.

The Company assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets the cumulative loss which is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously capitalize in profit or loss, is removed from equity and capitalize in the statement of comprehensive income. Impairment losses capitalize in the statement of comprehensive income on equity instruments are not reversed through the statement of comprehensive income.

Cash a bank and in hand

For the purposes of the statement of cash flows, cash at bank and in hand comprise cash on hand, deposits held at call with banks, cash with brokers and bank overdrafts. In the statement of financial position, bank overdrafts are included in borrowings in current liabilities.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the 9 months period to 30 September 2010

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Borrowings

Borrowings are capitalized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is capitalize in the income statement over the period of the borrowings, using the effective interest method, unless they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalized as part of the cost of that asset.

Fees paid on the establishment of loan facilities are capitalize as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extend there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment and amortised over the period of the facility to which it relates.

Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds, including interest on borrowings, capitalized of discounts or premium relating to borrowings, capitalized of ancillary costs incurred in connection with the arrangement of borrowings, finance lease charges and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, being an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalized as part of the cost of that asset, when it is probable that they will result in future economic benefits to the Company and the costs can be measured reliably.

Borrowings are classified as current liabilities, unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Other payables

Other payables are stated at their nominal value.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
For the 9 months period to 30 September 2010

2. Summary of significant accounting policies (continued)

Share capital

Ordinary shares are classified as equity.

Provisions

Provisions are capitalize when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is capitalize as a separate asset but only when the reimbursement is virtually certain.

Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current period.

3. Financial risk management

(i) Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk, liquidity risk and capital risk management. The risk management policies employed by the Company to manage these risks are discussed below:

- **Market risk**

Foreign exchange risk
The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Russian Rubles, Egyptian pounds and the Euro. Foreign exchange risk arises when future commercial transactions or _apitalize assets or liabilities are denominated in a currency that is not the Company's functional currency.

Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

Price risk
The Company is exposed to equity securities price risk because of investments held by the Company and classified on the balance sheet at fair value through profit or loss. The Company is not exposed to commodity price risk.

The Company's equity investments that are publicly traded are included in the New York Stock Exchange Index and the Singapore Fund INC Index.

To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio.

3. Financial risk management (continued)

Financial risk factors (continued)

Cash flow and fair value interest rate risk

As the Company has no significant interest-bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

The Company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

- **Credit risk**

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the statement of financial position date. The Company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables. Cash balances are held with high credit quality financial institutions and the Company has policies to limit the amount of credit exposure to any financial institution.

- **Liquidity risk**

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of capitalise such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the 9 months period to 30 September 2010

3. Financial risk management (continued)

Financial risk factors (continued)

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

For the nine months period ended 30 September 2010	Carrying amounts US$	Contractual cash flows US$	Between 3-12 months US$	Between 1-5 years US$
Loans payable	153,211	153,211	-	153,211
Bank overdrafts	668	668	668	-
Trade and other payables	512,902	512,902	512,902	-
	666,781	666,781	513,570	153,211

For the year ended 31 December 2009	Carrying amounts US$	Contractual cash flows US$	Between 3-12 months US$	Between 1-5 years US$
Loans payable	1,208,800	1,208,800	-	1,208,800
Bank overdrafts	136	136	136	-
Trade and other payables	877,826	877,826	877,826	-
	2,086,762	2,086,762	877,962	1,208,800

(ii) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital to ensure that it will be able to continue as a going concern while capitalise the return to shareholders through the capitalised of the debt and equity balance.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
For the 9 months period to 30 September 2010

3. Financial risk management (continued)

(iii) Fair value estimation

Effective 1 January 2009, the Company adopted the amendment to IFRS 7 for financial instruments that are measured in the balance sheet at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Company's assets and liabilities that are measured at fair value at 30 September 2010.

	Level 1 US$	Total balance US$
Assets		
Financial assets at fair value through profit or loss:		
- Trading securities	1,565	1,565
Total assets measured at fair value	1,565	1,565

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise units in Singapore Fund INC.

4. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

a) *Decommissioning and site rehabilitation estimates*

Provision is made for the costs of decommissioning and site rehabilitation costs when the related environmental disturbance takes place. Provisions are capitalise at the net present value of future expected costs as outlined in Note 2.

No provision recognized, which represents management's best estimate at present that no significant costs will be incurred, but significant judgement is required as many of these costs will not capitalised until the end of the exploration and evaluation activities or not until the end of the life of the mine. Estimates are reviewed annually and are based on current regulatory requirements and the estimated useful life of mines.

b) *Recognition of exploration and evaluation assets*

Management makes judgments as to whether the expenditures which are capitalised as exploration and evaluation assets will be recouped by future exploitation or sale. In determining this, Management estimates the possibility of finding recoverable ore reserves related to particular areas of interest. However, these estimates are subject to significant uncertainties. Many of the factors, assumptions and variables involved in estimating resources are beyond the Company's control and may prove to be incorrect over time. Subsequent changes in gold resource estimates could impact the carrying value of exploration and evaluation assets.

c) *Impairment of property, plant and equipment*

Management reviews the carrying amount of property, plant and equipment on an annual basis to determine whether there is any indication that those assets are impaired. In making the assessment for impairment, assets that do not generate independent cash flows are allocated to an appropriate cash-generating unit. Management necessarily applies its judgments in allocating assets that do not generate independent cash flows to appropriate cash-generating units, and also in estimating the timing and value of underlying cash flows within the value in use calculation. Subsequent changes to the cash-generating unit allocation or to the timing of cash flows could impact the carrying value for the respective assets.

Judgements similar to those involved in determining the useful lives of mining assets are involved in the determination of whether property, plant and equipment are impaired.

5. Revenue

	9 months to 30 September 2010 US$	9 months to 30 September 2009 US$
Sale of services	-	608,179
	-	608,179

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
For the 9 months period to 30 September 2010

6. Expenses by nature

	9 months to 30 September 2010 US$	9 months to 30 September 2009 US$
Cost of sales	**-**	535,896
Exploration expenses	**263,299**	-
Staff costs (Note 7)	**471,778**	-
Services received	**-**	10,634
Agent service received	**-**	85,553
Telephone and faxes	**-**	5,827
Courier expenses	**356**	587
Office expenses	**3,361**	106
Accounting fees	**13,868**	-
Audit fees	**17,791**	-
Legal fees	**9,662**	11,492
Other professional fees	**29,943**	2,195
Advertising	**4,328**	-
Travelling expenses	**19,739**	1,351
Commissions paid to brokers	**546**	11,884
Consulting fees	**34,455**	5,000
Conferences and meetings	**3,385**	-
Management fees (Note 20.6)	**38,195**	87,011
Rent	**8,915**	-
Licenses and taxes	**-**	1,633
Motor Fuel Expenses	**-**	173
Depreciation (Note 12)	**68,672**	7,630
Other expenses	**3,527**	1,047
Total cost of sales, exploration and administration expenses	**991,820**	768,019

7. Staff costs

	9 months to 30 September 2010 US$	9 months to 30 September 2009 US$
Employee reimbursement expenses	**40,057**	-
Payroll	**431,721**	38,879
	471,778	38,879

8. Other income

	9 months to 30 September 2010 US$	9 months to 30 September 2009 US$
Other interest income	**251**	201
Unrealised foreign exchange profit	**1,425**	-
	1,676	201

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
For the 9 months period to 30 September 2010

9. Finance costs

	9 months to 30 September 2010 US$	9 months to 30 September 2009 US$
Interest expense		
Loan from related party	**55,163**	36.577
Bank overdraft interest	-	4
Other finance expenses		
Bank charges	**1,639**	4,950
Net foreign exchange transaction losses		
Unrealised exchange loss	**3,970**	3,387
	60,772	44.918

10. Other gains - net

	6 months to 30 September 2010 US$	9 months to 30 September 2009 US$
Financial assets at fair value through profit or loss:		
Net gains from sale of financial assets at fair value through profit or loss	**146,589**	435,056
Fair value gains on financial assets at fair value through profit or loss	**235**	-
	146,824	435,056

11. Tax

	9 months to 30 September 2010 US$	9 months to 30 June 2009 US$
Overseas tax	**3,082**	-
Charge for the period	**3,082**	-

The tax on the Company's results before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

	9 months to 30 September 2010 US$	9 months to 30 September 2009 US$
(Loss)/ profit before tax	**(904,092)**	230,499
Tax calculated at the applicable tax rates	**(90,409)**	23,050
Tax effect of expenses not deductible for tax purposes	**54,468**	-
Tax effect of allowances and income not subject to tax	**(14,850)**	(20,872)
Tax effect of utilization of previously unrecognized tax losses	-	(2,178)
Tax effect of tax losses for which no deferred tax asset was recognized	**50,791**	-
Overseas tax in excess of credit claim used during the period	**3,082**	-
Tax charge	**3,082**	-

The Company is subject to corporation tax on taxable profits at the rate of 10%.

Up to 31 December 2008, under certain conditions interest may be subject to defence contribution at the rate of 10%. In such cases 50% of the same interest will be exempt from corporation tax thus having an effective tax rate burden of approximately 15%.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the 9 months period to 30 September 2010

From 1 January 2009 onwards, under certain conditions, interest may be exempt from income tax and only subject to defense contribution at the rate of 10%.

In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 15%.

12. Property, plant and equipment

	Removable Temporary Buildings	Plant and machinery	Motor vehicles	Furniture, fixtures and office equipment	Tools	**Total**
	US$	US$	US$	US$	US$	**US$**
As at 31 December 2008/ 1 January 2009						
Cost	28,195	171,934	128,800	167,867	36,440	**533,236**
Accumulated depreciation	(2,820)	(17,193)	(25,760)	(33,574)	(12,145)	**(91,492)**
Net book amount	25,375	154.741	103,040	134,293	24,295	**441,744**
Year ended 31 December 2009						
Opening net book amount	25,375	154.741	103,040	134,293	24,295	**441,744**
Additions	-	-	-	359	-	**359**
Depreciation charge	(2,819)	(17,194)	(25,760)	(33,645)	(12,147)	**(91,565)**
Closing net book amount	22,556	137.547	77,280	101,007	12,148	**350,538**
As at 31 December 2009/ 1 January 2010						
Cost	28,195	171,934	128,800	168,226	36,440	**533,595**
Accumulated depreciation	(5,639)	(34,387)	(51,520)	(67,219)	(24,292)	**(183,057)**
Net book amount	22,556	137,547	77,280	101,007	12,148	**350.538**
Period ended 30 September 2010						
Opening net book amount	22,556	137,547	77,280	101,007	12,148	**350.538**
Additions	-	-	-	-	-	**-**
Depreciation charge	(2,114)	(12,895)	(19,320)	(25,234)	(9,109)	**(68,672)**
Closing net book amount	20,442	124,652	57,960	75,773	3,039	**281,866**
As at 30 September 2010						
Cost	28,195	171,934	128,800	168,226	36,440	**533,595**
Accumulated depreciation	(7,753)	(47,282)	(70,840)	(92,453)	(33,401)	**(251,729)**
Net book amount	20,442	124,652	57,960	75,773	3,039	**281,866**

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
For the 9 months period to 30 September 2010

13. Non-current loans receivable

	30 September 2010 US$	31 December 2009 US$
At beginning of the period	**682,496**	-
New loans granted during the period	**180,524**	682,496
Repayments received during the period	**(471,063)**	-
At end of the period (Note 20.2)	**391,957**	682,496

The fair value of receivable loans approximates to their carrying amounts as presented above.

14. Trade and other receivables

	30 September 2010 US$	31 December 2009 US$
Trade receivables	**9,240**	9,240
Receivables from related companies (Note 20.1)	**54,670**	65,011
Deposits and prepayments	**2,961**	2,697
	66,871	76,948

The Company does not hold any collateral over the trading balances.

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

The exposure of the Company to credit risk and impairment losses in relation to trade and other receivables is reported in note 3 of the financial statements.

15. Financial assets at fair value through profit or loss

	30 September 2010 US$	31 December 2009 US$
Balance at 30 September/31 December	**1,565**	483,945

	30 September 2010 US$	31 December 2009 US$
Listed Securities:		
Equity securities listed on New York Stock Exchange	-	482,615
Equity units in Singapore Fund INC	**1,565**	1,330
	1,565	483,945

The financial assets at fair value through profit or loss are marketable securities and are valued at market value at the close of business on 30 September by reference to Stock Exchange quoted bid prices. Financial assets at fair value through profit or loss are classified as current assets because they are expected to be realised within twelve months from the reporting date.

In the cash flow statement, financial assets at fair value through profit or loss are presented within the section on operating activities as part of changes in working capital. In the statement of comprehensive income, changes in fair values of financial assets at fair value through profit or loss are recorded in operating income.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
For the 9 months period to 30 September 2010

16. Cash at bank and in hand

For the purposes of the statement of cash flows, the cash and cash equivalents include the following:

	30 September 2010 US$	31 December 2009 US$
Cash in hand	**2,275**	514
Cash with brokers	**5,135**	5,074
Cash at bank	**23**	18,939
	7,433	24,527

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 3 of the financial statements.

17. Share capital

	30 September 2010 Number of shares	**30 September 2010 US$**	**30 September 2010 €**	31 December 2009 Number of shares	31 December 2009 US$	31 December 2009 €
Authorised						
Ordinary shares of €1 each	**20,000**	**27,940**	**20,000**	1,000	1,418	1,000
Issued and fully paid						
On 1 January	**1,000**	**1,418**	**1,000**	1,000	1,418	1,000
Issue of shares	**18,700**	**26,104**	**18,700**	-	-	-
Balance at 30 September	**19,700**	**27,522**	**19,700**	1,000	1,418	1,000

Authorised capital
On 4 February 2010 the authorised share capital of the Company amounting US$1,418 divided into 1000 shares of €1 each, was increased to US$27,940 divided into 20,000 shares of €1 each.

Issued capital
On 4 February 2010 the Company had issued to its shareholders additional share capital amounting to US$ 26,104 divided into 18,700 shares of €1 each, bringing the total number of the issued and fully paid share capital to 19,700 shares.

18. Borrowings

	30 September 2010 US$	31 December 2009 US$
On 1 January	**1,208,936**	143
Additions	**376,564**	1,208,793
Transfer to shareholders contributions (Note 1)	**(1,432,289)**	-
Balance at 30 September / 31 December	**153,211**	1,208,936

	30 September 2010 US$	31 December 2009 US$
Current borrowings		
Bank overdrafts	**668**	136
Non current borrowings		
Loan payable (Note 20.4)	**153,211**	1,208,800
Total	**153,879**	1,208,936
Maturity of non-current borrowings:		
Between one and five years	**153,211**	1,208,800

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
For the 9 months period to 30 September 2010

(1) The Company and one of it's shareholders, Magnesium and Metals Limited, have agreed that an amount of debt of US$ 1,432,289 will be converted to equity with the issue of 300 ordinary share of nominal value €1 at a premium of € 1.073.859.

19. Trade and other payables

	30 September 2010 US$	31 December 2009 US$
Trade payables	**8,688**	14,547
Agents	**94,812**	31,320
Shareholders' current accounts - credit balances (Note 20.5)	**21,422**	23,031
Payables to related parties (Note 20.3)	**297,199**	545,071
Brokers	**-**	140,512
Accruals (1)	**64,736**	24,590
Other creditors	**26,045**	98,755
	512,902	877,826

(1) Accruals as at 30 September 2010 comprise of accounting fees of US$10,762, audit fees US$28,340, professional fees of US$25,630 and courier fees US$4.

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

20. Related party transactions

As at 30 September 2010 the Company's shares were owned by Magnesium and Metals Ltd, a company incorporated in Cyprus with total percentage of interest of 88.6%, SMW Engineering Limited, a company incorporated in Russian Federation with total percentage of interest of 5% and the remaining 6.4% of the share capital were owned by non resident individuals of the Republic of Cyprus. The controlling party of the company is the Moscow State Mining University, which is incorporated in the Russian Federation.

The following transactions were carried out with related parties:

20.1 Receivables from related parties (Note 14)

Name	**30 September 2010 US$**	31 December 2009 US$
Magnesium & Metals Ltd	**12,528**	22,869
MSMU Endowment Ltd	**1,628**	1,628
Pharaonic Resources	**40,514**	40,514
	54,670	65,011

20.2 Loans to related parties (Note 13)

	30 September 2010 US$	31 December 2009 US$
Magnesium.com Inc.	**391,957**	682,496
	391,957	682,496

The Company entered into a loan agreement with Magnesium.com Inc. for the capital sum of US$ 1,500,000. As at 30 September 2010 the Company has received the sum of US$ 391,957. The loan is interest free until 31 December 2010. Thereafter the loan is bearing interest of 10% per annum. The loan will be repaid not later than 1 July 2014.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the 9 months period to 30 September 2010

20.3 Payables to related parties (Note 19)

Name	**30 September 2010 US$**	31 December 2009 US$
Magnesium & Metals Limited	**-**	247,872
SMW Engineering Ltd	**297,199**	297,199
	297,199	545,071

20.4 Loans from related parties (Note 18)

	30 September 2010 US$	31 December 2009 US$
Magnesium & Metals Limited	**153,211**	1,208,800
	153,211	1,208,800

The Company has entered into a loan agreement with Magnesium & Metals Limited for the capital sum of US$ 2,000,000. By 30 September 2010 the Company has received US$ 1,473,992. The loan is bearing interest of 7% per annum and the accrued interest payable as at 30 September 2010 is US$ 111,508. The loan was repaid partially with the amount of US$ 1,432,289 which represents an advance contribution for shares.

20.5 Shareholders' current accounts - credit balances (Note 19)

	30 September 2010 US$	31 December 2009 US$
Amount due to shareholder	**21,422**	23,031
	21,422	23,031

The shareholders' current accounts are interest free, are unsecured and have no specified repayment date.

20.6 Management Fees (Note 6)

	9 months to 30 September 2010 US$	9 months to 31 December 2009 US$
Management Fees paid to related parties	**38,195**	87,011
	38,195	87,011

The above amount was paid to a member of the key management of the Company.

21. Prior year Adjustment

On 1 January 2010, the Equity has been restated for the following prior year error:

- As per the requirements of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", the Company should have recognised a provision for management fees and legal fees for the period from 01 January 2009 to 30 September 2009 amounting to US$97.008. Since the Company had a present obligation arising from past events, it was probable that a cash outflow would have been required to settle these obligations and a reliable estimate could have been made of the amount of obligation, a provision should had been recognised.

The effects of these restatements are presented below:

US$

Decrease in retained earnings on 1 January 2010	97,008
Increase in administration expenses for the nine months to 30 September 2009	97,008
Decrease in administration expenses for the nine months to 30 September 2010	97,008
Increase in Trade and Other Payables as at 31 December 2010	97,008

22. Events after the reporting period

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.

23. Differences between International Financial Reporting Standards ("IFRS") and Canadian Generally Accepted Accounting Principles. ("GAAP")

The Company's condensed interim financial information for the nine months ended 30 September 2010 has been prepared in accordance with the International Financial Reporting standard IAS 34 'Interim Financial Reporting' as adopted by the European Union. There were no material differences between this financial information prepared under IAS 34 and that prepared using Canadian GAAP (1505, 1751, 3461, and 3870).

DETAILED INCOME STATEMENT

	9 months to 30 September 2010 US$	9 months to 30 September 2009 US$
Revenue		
Rendering of services	**-**	608,179
Cost of sales	**-**	(535,896)
Gross Loss	**-**	72,283
Operating expenses		
Administration expenses	**(120,328)**	(120,864)
	(120,328)	(48,581)
Other operating expenses		
Exploration expenses	**(871,492)**	(111,259)
Profit from sale of financial assets at fair value through profit and loss	**146,824**	435,056
Interest income	**251**	201
Exchange profit	**1,425**	-
Operating (loss)/ profit	**(843,320)**	275,417
Finance costs	**(60,772)**	(44,918)
Net (loss)/ profit for the period before tax	**(904,092)**	230,499

COST OF SALES

	9 months to 30 September 2010 US$	9 months to 30 September 2009 US$
Cost of sales		
Direct costs		
Services received	-	39,491
Consultancy Fees	-	115,000
Staff costs	-	269,650
Licenses and taxes	-	5,068
Travelling	-	41,909
Motor vehicles fuel	-	921
Motor vehicle running costs	-	1,670
Transportation expenses	-	1,144
Depreciation	-	61,043
	-	535,896

OPERATING EXPENSES

	9 months to 30 September 2010 US$	9 months to 30 September 2009 US$
Administration expenses		
Telephone and postage	**-**	5,191
Courier expenses	**356**	587
Stationery and printing	**3,361**	106
Accounting fees	**13,868**	-
Audit fees	**17,791**	-
Legal fees	**9,662**	11,492
Other professional fees	**29,943**	2,195
Travelling	**-**	1,351
Entertaining	**258**	-
Management fees	**912**	1,047
Commission paid to brokers	**546**	11,884
Fees and dues	**1,644**	-
Conferences and meetings	**3,385**	-
Investment management fee	**38,195**	87,011
Sundry expenses	**407**	-
	120,328	120,864

	9 months to 30 September 2010 US$	9 months to 30 September 2009 US$
Exploration Expenses		
Services received	-	96,187
Exploration Expenses	**263,299**	-
Rent	**8,915**	-
Payroll expenses	**431,721**	-
Employee reimbursement expenses	**40,057**	-
Advertising	**4,328**	-
Motor fuel expenses	**-**	173
Travelling	**19,739**	-
Telephone and postage	**-**	636
Government licenses fees	**-**	1,633
Consulting fees	**34,455**	5,000
Depreciation	**68,672**	7,630
Other expenses	**306**	-
	871,492	111,259

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SMW GOLD LIMITED

REPORT AND SPECIAL PURPOSE FINANCIAL STATEMENTS

For the years ended 31 December 2009 and 31 December 2008 and for the period from 15 October 2007 to 31 December 2007

SMW GOLD LIMITED

REPORT AND FINANCIAL STATEMENTS
For the year ended 31 December 2009

CONTENTS

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Natalie Gureghian Stella Chrysostomou
Company Secretary:	Diagoras (Secretarial) Limited
Independent Auditors:	AUDITLINE LTD AUDITORS - TAX ADVISORS 12 Kennedy Avenue Kennedy Business Center 3rd Floor 1087 Nicosia, Cyprus
Legal Advisers:	George Y. Yiangou & Co 12 Kennedy Avenue Kennedy Business Center 2nd Floor, Office 203 1087 Nicosia, Cyprus
Registered office:	12 Kennedy Avenue Kennedy Business Center 2nd Floor, Office 203 1087 Nicosia, Cyprus
Bankers:	Marfin Popular Bank Public Co Ltd Commercial International Bank (Egypt) S.A.E.
Registration number:	210254

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of SMW GOLD LIMITED (the "Company") presents to the Members its Annual Report together with the special purpose financial statements of the Company for the years ended 31 December 2009 and 31 December 2008 and for the period from 15 October 2007 to 31 December 2007.

Principal activity
The principal activity of the Company is the exploration and exploitation of gold and other associated minerals in two licensed territories in the Arab Republic of Egypt. For further details please refer to page 10.

Review of current position, future developments and significant risks
The Company's development to date, financial results and position as presented in the financial statements are considered satisfactory. For the period from 15 October 2007 (date of incorporation) to 8 September 2009 the Company was involved in geological exploration for gold in two licensed territories in Egypt on behalf of SMW Engineering Ltd (Parent Company). On 9 September 2009 the Parent Company has transferred 100% of its interest of the two licensed territories in Egypt to the Company. The one of the licensed territories is located in an area called Um Balad and the other is located in area called El Fawakheir of the eastern desert of Egypt.

The Company is a joint party to the Production Sharing Agreements with the Egyptian Mineral Resources Authority, for the exploration and exploitation of gold and other associated minerals, which were certified by the Parliament of Egypt and possess the status of law and are in good standing. The exploration work is ongoing at the two licensed territories.

The Company during 2010 has established a branch in Egypt for the execution of exploration and exploitation of gold and other associated minerals. In addition the Company during the year 2010 will proceed with a debt restructuring.

The main risks and uncertainties faced by the Company and the steps taken to manage these risks, are described in notes 3 and 4 of the financial statements.

Results
The Company's results for the year are set out on page 6. The loss of the Company after taxation amounted to US$ 375,490 (2008: Loss of US$84,534, 2007: Loss of US$9,702), which the Board of Directors recommends to be transferred to accumulated losses. On 31 December 2009 the total assets of the Company were US$1.618.454 (2008: US$460.069, 2007: US$17.511) and the net liabilities were US$468,308 (2008: net liabilities of US$92.818, 2007: net liabilities of US$8.284).

Dividends
The Board of Directors does not recommend the payment of a dividend and the net loss of the year is carried forward.

Share capital
There were no changes in the share capital of the Company.

Board of Directors
The members of the Company's Board of Directors as at 31 December 2009 and at the date of this report are presented on page 1. All of them were members of the Board throughout the year ended 31 December 2009.

In accordance with the Company's Articles of Association all directors presently members of the Board continue in office.

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

Events after the reporting period
There were no material post balance sheet events, which have a bearing on the understanding of the financial statements.

REPORT OF THE BOARD OF DIRECTORS

Independent Auditors
The independent auditors, AUDITLINE LTD, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,

Stella Chrysostomou
Director

Nicosia, Cyprus, 24 November 2010

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Independent Auditor's Report

To the Members of SMW GOLD LIMITED

Report on the Special Purpose Financial Statements

We have audited the special purpose financial statements of SMW GOLD LIMITED (the "Company"), which comprise the statement of financial position as at 31 December 2009, 31 December 2008 and 31 December 2007 and the statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2009, 31 December 2008 and the period from 15 October 2007 to 31 December 2007, and a summary of significant accounting policies and other explanatory notes.

Board of Directors' Responsibility for the Special Purpose Financial Statements

The Board of Directors is responsible for the preparation of special purpose financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these special purpose financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the special purpose financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purpose financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special purpose financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of special purpose financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors as well as evaluating the overall presentation of the special purpose financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Independent Auditor's Report (continued)

Opinion

In our opinion, the special purpose financial statements give a true and fair view of the financial position of SMW GOLD LIMITED as at 31 December 2009, 31 December 2008 and 31 December 2007 and of its financial performance and its cash flows for the years ended 31 December 2009, 31 December 2008 and the period from 15 October 2007 to 31 December 2007 in accordance with International Financial Reporting Standards as adopted by the EU and the requirements of the Cyprus Companies Law, Cap. 113.

Report on Other Legal and Regulatory Requirements

Pursuant to the requirements of the Companies Law, Cap. 113, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company.
- The Company's special purpose financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the special purpose financial statements give the information required by the Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors on pages 2 to 3 is consistent with the special purpose financial statements.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 156 of the Companies Law, Cap.113 and for the special purpose.
We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Auditline Ltd

AUDITLINE LTD
AUDITORS - TAX ADVISORS

24 November 2010

The notes on pages 10 to 31 form an integral part of these financial statements.

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STATEMENT OF COMPREHENSIVE INCOME

For the years ended 31 December 2009 and 31 December 2008 and for the period from 15 October 2007 to 31 December 2007

	Note	2009 US$	2008 US$	2007 US$
Revenue	5	**608,179**	807,048	
Cost of sales	6	**(566,418)**	(867,551)	-
Gross profit		**41,761**	(60,503)	-
Exploration expenses	6	**(628,204)**	-	-
Administration expenses	6	**(152,358)**	(22,177)	(9,125)
Other income	8	**351**	8,030	-
Other gains - net	10	**435,056**	-	-
Operating loss		**(303,394)**	(74,650)	(9,125)
Finance costs	9	**(72,096)**	(9,884)	(577)
Loss before tax		**(375,490)**	(84,534)	(9,702)
Income tax expense	11	-	-	-
Net loss for the year		**(375,490)**	(84,534)	(9,702)
Other comprehensive income				
Other comprehensive income for the year		-	-	-
Total comprehensive expense for the year		**(375,490)**	(84,534)	(9,702)

The notes on pages 10 to 36 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
As at 31 December 2009, 31 December 2008, 31 December 2007

	Note	**2009 US$**	2008 US$	2007 US$
ASSETS				
Non-current assets				
Property, plant and equipment	14	**350,538**	441,744	
Non-current loans receivable	15	**682,496**	-	-
		1,033,034	441,744	-
Current assets				
Trade and other receivables	16	**76,948**	18,029	-
Financial assets at fair value through profit or loss	17	**483,945**	-	-
Cash at bank	18	**24,527**	296	17,511
		585,420	18,325	17,511
Total assets		**1,618,454**	460,069	17,511
EQUITY AND LIABILITIES				
Equity				
Share capital	19	**1,418**	1,418	1,418
Accumulated losses		**(469,726)**	(94,236)	(9,702)
Total equity		**(468,308)**	(92,818)	(8,284)
Non-current liabilities				
Borrowings	20	**1,208,800**	-	-
		1,208,800	-	-
Current liabilities				
Trade and other payables	21	**877,826**	321,604	25,795
Deferred revenue	22	-	231,140	-
Borrowings	20	**136**	143	-
		877,962	552,887	25,795
Total liabilities		**2,086,762**	552,887	25,795
Total equity and liabilities		**1,618,454**	460,069	17,511

On 24 November 2010 the Board of Directors of SMW GOLD LIMITED authorized these special purpose financial statements for issue.

....
Natalie Gereghian
Director

....
Stella Chrysostomou
Director

The notes on pages 10 to 36 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the years ended 31 December 2009 and 31 December 2008 and for the period from 15 October 2007 to 31 December 2007

	Note	Share capital US$	Accumulated losses US$	Total US$
Net loss for the period		-	(9,702)	(9,702)
Transactions with the owners:				
Issue of share capital	19	1,418	-	1,418
Total transactions with owners		1,418	-	1,418
Balance at 31 December 2007/ 1 January 2008		**1,418**	**(9,702)**	**(8,284)**
Net loss for the year		-	(84,534)	(84,534)
Balance at 31 December 2008/ 1 January 2009		**1,418**	**(94,236)**	**(92,818)**
Net loss for the year		-	(375,490)	(375,490)
Balance at 31 December 2009		**1,418**	**(489,726)**	**(468,308)**

The notes on pages 10 to 36 form an integral part of these financial statements.

STATEMENT OF CASH FLOW

For the years ended 31 December 2009 and 31 December 2008 and for the period from 15 October 2007 to 31 December 2007

	Note	2009 US$	2008 US$	2007 US$
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax		**(375,490)**	(84,534)	(9.702)
Adjustments for:				
Depreciation of property, plant and equipment	14	**91,565**	91,492	-
Unrealised exchange loss / (profit)		**2,031**	(7,438)	-
Net gain from the sale of financial assets at fair value through profit or loss	10	**(574,228)**	-	-
Fair value losses on financial assets at fair value through profit or loss	10	**139,172**	-	-
Dividend income	8	**(26)**	-	-
Interest income	8	**(325)**	-	-
Interest expense	9	**57,162**	10	-
Cash flows used in operations before working capital changes		**(563,131)**	(470)	(9.702)
Increase in trade and other receivables		**(741,415)**	(18,029)	-
Increase in trade and other payables		**556,222**	295,809	25,795
(Decrease) / increase in deferred income		**(231,140)**	231,140	-
Net cash flows (used in) / from operating activities		**(1,076,472)**	508,450	16,093
CASH FLOWS FROM INVESTING ACTIVITIES				
Payment for purchase of property, plant and equipment	14	**(359)**	(533,236)	-
Payments for purchase of financial assets at fair value through profit and loss	17	**3,704,961**		
Disposal proceeds from the sale of financial assets at fair value through profit and loss		**(3,753,850)**		
Interest received		**325**	-	-
Dividends received		**26**	-	-
Net cash flows used in investing activities		**(48,897)**	(533,236)	-
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of share capital		**-**	-	1,418
Proceeds from borrowings		**1,208,800**	-	-
Unrealised exchange (loss) / profit		**(2,031)**	7,438	-
Interest paid		**(57,162)**	(10)	-
Net cash flows from financing activities		**1,149,607**	7,428	1,418
Net increase / (decrease) in cash and cash equivalents		**24,238**	(17,358)	17,511
Cash and cash equivalents:				
At beginning of the year		**153**	17,511	-
At end of the year	18	**24,391**	153	17,511

The notes on pages 10 to 36 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2009

1. Incorporation and principal activities

Country of incorporation

The Company SMW GOLD LIMITED (the "Company") was incorporated in Cyprus on 15 October 2007 as a limited liability Company under the Cyprus Companies Law, Cap. 113. Its registered office is at 12 Kennedy Avenue, Kennedy Business Center, 2nd Floor, Office 203, 1087, Nicosia, Cyprus.

Principal activity

The principal activity of the Company is the geological exploration and exploitation of gold and other associated minerals in the two licensed territories in the Arab Republic of Egypt.

By assignment agreements dated 9 September 2009, the Company was assigned the rights and obligations related to two mineral concessions, effective dated 1 October 2007, located in Egypt. The concessions were assigned to the Company by it's parent company, SMW Engineering Ltd., which presently owns all of the issued and outstanding shares of the Company. The other parties to the concession agreements are the Arab Republic of Egypt and the Egyptian Mineral Resources Authority ("EMRA").

The key financial terms of the underlying concession agreement for the El Fawakeir area dated 1 October 2007, which the Company has assumed are as follows:

- Provision of a letter of guarantee of $500,000 on the concession in favour of EMRA and drawn on the National Bank of Egypt to guarantee the minimum exploration requirements (done by SMW Engineering Ltd.);
- Commence exploration within 4 months of the effective date of the agreement (done by SMW Engineering Ltd.);
- Subsequent extensions of the exploration rights are then for an initial one year period (done by SMW Engineering Ltd.) and then successive two year terms, upon due notice to EMRA (see (i) below);
- At the completion of the first year of the exploration term the Company must relinquish 25% of the original area not previously converted to an exploitation lease (done by SMW Engineering Ltd.);
- During the initial one year (from 1 October 2007 to 30 November 2008) exploration period the Company must incur a minimum of US$1 million in qualifying exploration expenditures on the concession (done by SMW Engineering Ltd.) and a minimum of US$5 million on the concession in the second two year (from 1 October 2008 to 30 November 2009) exploration term (see (i) below);
- Any excess in expenditure may be carried forward to a subsequent exploration term;
- Any shortfall in required spending during an exploration term must be paid to the EMRA;
- At the end of the third year of the exploration period the Company may extend for a maximum of six months and must then either relinquish all of the concession or enter into an exploitation lease;
- The Arab Republic of Egypt will be entitled to a 4% production royalty on all gold and other minerals produced from the concession;
- The exploitation term will be 20 years and may be renewed for a maximum of 10 years at the option of the Company;

1. Incorporation and principal activities (continued)

Principal activity (continued)

- Upon entering into an exploitation lease, the Company and EMRA will form joint venture operating company owned equally by the Company and EMRA;
- Upon commencement of commercial production, 50% of all produced gold and associated minerals will be used to pay for the operating costs of the mine (as defined) and to reimbursing the costs incurred by the Company during the exploration and exploration phases prior to the commencement of commercial production. This gold is referred to as the cost recovery gold;
- The remaining 50% of produced gold and associated minerals will be split equally between the Company and EMRA, after deducting the 4% royalty;
- Should the proceeds from the cost recovery gold exceed the operating costs of the mine and the allowable reimbursement of the Company's exploration and exploitation costs, then the excess gold will be allocated as to 40% to the Company and 60% to EMRA;
- The title to all land acquired will be transferred to EMRA immediately upon formation of the joint venture operating company but will the parties will have full use and enjoyment during the exploitation term;
- The title to all other property, plant and equipment will be transferred to EMRA as the Company recovers its investment in these assets from the cost recovery gold but will the parties will have full use and enjoyment during the exploitation term; and
- There is a 10% assignment bonus on the total of the transaction whereby the original party to the agreement assigns its rights and obligations to another entity.

The key financial terms of the underlying concession agreement for the Fatiri area dated 1 October 2007, which the Company has assumed are as follows:

- Provide a letter of guarantee of $1,000,000 on the concession in favour of EMRA and drawn on the National Bank of Egypt to guarantee the minimum exploration requirements (done by SMW Engineering Ltd.);
- Commence exploration within 4 months of the effective date of the agreement (done by SMW Engineering Ltd.);
- Subsequent extensions of the exploration rights are then for an initial one year period (done by SMW Engineering Ltd.) and then successive two year terms, upon due notice to EMRA (see (i) below);
- At the completion of the first year of the exploration term the Company must relinquish 25% of the original area not previously converted to an exploitation lease (done by SMW Engineering Ltd.);
- During the initial one year exploration period the Company must incur a minimum of US$1 million in qualifying exploration expenditures on the concession (done by SMW Engineering Ltd.) and a minimum of US$5 million on the concession in the second two year exploration term (see (i) below);

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2009

1. Incorporation and principal activities (continued)

Principal activity (continued)

- Any excess in expenditure may be carried forward to a subsequent exploration term;
- Any shortfall in required spending during an exploration term must be paid to the EMRA;
- At the end of the third year of the exploration period the Company may extend for a maximum of six months and must then either relinquish all of the concession or enter into an exploitation lease;
- The Arab Republic of Egypt will be entitled to a 4% production royalty on all gold and other minerals produced from the concession;
- The exploitation term will be 20 years and may be renewed for a maximum of 10 years at the option of the Company;
- Upon entering into an exploitation lease, the Company and EMRA will form joint venture operating company owned equally by the Company and EMRA;
- Upon commencement of commercial production, 50% of all produced gold and associated minerals will be used to pay for the operating costs of the mine (as defined) and to reimbursing the costs incurred by the Company during the exploration and exploration phases prior to the commencement of commercial production. This gold is referred to as the cost recovery gold;
- The remaining 50% of produced gold and associated minerals will be split equally between the Company and EMRA, after deducting the 4% royalty;
- Should the proceeds from the cost recovery gold exceed the operating costs of the mine and the allowable reimbursement of the Company's exploration and exploitation costs, then the excess gold will be allocated as to 40% to the Company and 60% to EMRA;
- The title to all land acquired will be transferred to EMRA immediately upon formation of the joint venture operating company but will the parties will have full use and enjoyment during the exploitation term;
- The title to all other property, plant and equipment will be transferred to EMRA as the Company recovers its investment in these assets from the cost recovery gold but will the parties will have full use and enjoyment during the exploitation term; and
- There is a 10% assignment bonus on the total of the transaction whereby the original party to the agreement assigns its rights and obligations to another entity.

(i) Pursuant to a letter from EMRA, it will allow an extension until December 6, 2010 to put in place letter of guarantee of $5,000,000 on each of the concessions in favour of EMRA and drawn on the National bank of Egypt to guarantee the minimum exploration requirements for the two-year extension period on the exploitation term.

2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

Basis of preparation

The special purpose financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), and the requirements of the Cyprus Companies Law, Cap. 113.

As of the date of the authorisation of the special purpose financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 1 January 2009 and relevant to the Company have been adopted by the EU through the endorsement procedure established by the European Commission.

The special purpose financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss.

The preparation of special purpose financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the special purpose financial statements are disclosed in Note 4.

Adoption of new and revised IFRSs

During the current years to 31 December 2009 and 31 December 2008 and from the period from 15 October 2007 to 31 December 2007, the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2009. This adoption did not have a material effect on the accounting policies of the Company, with the exception of the following:

(i) International Accounting Standard (IAS) 1 "Presentation of financial statements" (revised). As a result of the adoption of this revised standard, the Company presents in the statement of changes in equity all changes resulting from transactions with shareholders, whereas all changes in equity resulting from transactions with non-shareholders of the Company are presented in the statement of comprehensive income. The presentation of comparative information has been adjusted in conformity with the revised standard. The change had an impact only on the presentation of the financial statements.

(ii) IFRS 7 "Financial Instruments - Disclosures" (amendment). As a result of the adoption of this amendment, the Company provides additional disclosures in relation to the fair value measurements of its financial instruments and liquidity risk.

At the date of approval of these special purpose financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a significant effect on the special purpose financial statements of the Company

2. Summary of significant accounting policies (continued)

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets, other that goodwill, that have suffered an impermanent are reviewed for possible reversals of impairment at each reporting date.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of value added tax, rebates and discounts.

The Company recognises revenue when the amount of revenue can be reliably estimated, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenues earned by the Company are recognised on the following bases:

- **Rendering of services**

  Rendering of services are recognised in the accounting period in which the services are rendered by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

- **Interest income**

  Interest income is recognised on a time proportion basis using the effective interest method. When a loan or receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans and receivables are recognised using the original effective interest rate.

- **Income from investments in securities**

  Dividend from investments in securities is recognised when the right to receive payment is established. Withheld taxes are transferred to the statement of comprehensive income. Interest from investments in securities is recognised on an accruals basis.

  Profits or losses from the sale of investments in securities represent the difference between the net proceeds and the carrying amount of the investments sold and is transferred to the statement of comprehensive income.

  The difference between the fair value of investments at fair value through profit or loss as at ended 31 December 2009 and the mid cost price represents unrealised gains and losses and are included in the statement of comprehensive income in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in equity. When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments are included in the statement of comprehensive income as fair value gains or losses on investments, taking into account any amounts charged or credited to the statement of comprehensive incomes in previous periods.

2. Summary of significant accounting policies (continued)

Revenue recognition (continued)

- **Dividend income**

  Dividend income is recognised when the right to receive payment is established.

Other income

Other income consist of bank interest received, dividend received, realised and unrealized foreign exchange profit which are recognised in the statements of comprehensive income based on an accrual basis.

Finance costs

Finance costs include interest expense on loan payables and bank overdrafts, bank charges and realised and unrealised exchange loss which are recognized as expenses in the period in which they fall due.

Foreign currency translation

(1) Functional and presentation currency
Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in United States Dollars (US$), which is the Company's functional and presentation currency.

(2) Transactions and balances
Foreign currency transactions are translated into the functional currency 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 year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. Translation differences on non-monetary items such as equities held at fair value through profit and loss are reported as part of the fair value gain or loss.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax is calculated in the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country in which the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. If applicable tax regulation is subject to interpretation, it establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

2. Summary of significant accounting policies (continued)

Tax (continued)

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the Company where there is an intention to settle the balances on a net basis.

Decommissioning and site rehabilitation

An obligation to incur decommissioning and site rehabilitation costs occurs when environmental disturbance is caused by exploration, evaluation, development or ongoing production. Costs are estimated on the basis of a formal closure plan and are subject to regular review.

Decommissioning and site rehabilitation costs arising from the installation of plant and other site preparation work, discounted to their net present value, are provided when the obligation to incur such costs arises and are capitalised into the cost of the related asset. These costs are charged against profits through depreciation of the asset and unwinding of the discount on the provision. Depreciation is included in operating costs while the unwinding of the discount is include as a financing cost. Changes in the measurement of a liability relating to the decommissioning or site rehabilitation of plant and other site preparation work are added to, or deducted from, the cost of the related asset.

The costs for the restoration of site damage, which arises during production, are provided at their net present values and charged against operating profits as extraction progresses. Changes in the measurement of a liability which arises during production are changed against operating profit.

The discount rate used to measure the net present value of the obligations is the pre tax rate that reflects the current market assessment of the time value of money and the risks specific to the obligation.

The Company had no significant asset retirement obligations at 31 December 2009, 31 December 2008 and 31 December 2007.

Property, plant and equipment

Buildings, plant and equipment

On initial recognition, property, plant and equipment are valued at historical cost, being the purchase price and the directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary for the asset to be capable of operating in the manner intended by the Company.
Assets in the course of construction are capitalised in the capital construction in progress account. On completion, the cost of construction is transferred to the appropriate category of property, plant and equipment.

2. Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

Mineral property expenditures

Exploration and evaluation expenditures related to the Um Balad and El Fawakhier projects in the Arab Republic of Egypt ('area of interest') are written off as incurred. Acquisition costs for mineral rights are capitalised.

Exploration and evaluation assets represent capitalised expenditures incurred by the Company in connection with the exploration for and evaluation of mineral resources at the area of interest.

Exploration and evaluation expenditures are capitalised when it is expected that they will be recouped by future exploration or sale, and when the exploration and evaluation activities have reached a stage that permits a reasonable assessment of the existence of commercially recoverable gold and other mineral reserves. When the technical feasibility and commercial viability of extracting gold and other mineral resource are demonstrable, capitalised exploration and evaluation assets are reclassified to mining assets.

General and administrative costs are allocated to an exploration or evaluation asset only to the extent that those costs can be related directly to operational activities in the relevant area of interest.

Capitalised acquisition, exploration and evaluation expenditure is written off where the above conditions are no longer satisfied.

Impairment of exploration and evaluation assets

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The following facts and circumstances, among other, indicate that exploration and evaluation assets must be tested for impairment:

(i) The term of exploration license in the specific area has expired during the reporting period or will expire in the near future, and is not expected to be renewed;
(ii) Substantive expenditure on further exploration for and evaluation of gold and other mineral resources in the specific area is neither budgeted nor planned;
(iii) Exploration for and evaluation of gold and other mineral resources in the specific area have not led to the discovery of commercially viable quantities of gold and other mineral resources and the decision was made to discontinue such activities in the specific area;
(iv) Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Exploration and evaluation assets are also tested for impairment once capitalisation commences.

2. Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

Depreciation

Mining assets are recorded at cost less accumulated depreciation. Mining assets include the cost of acquiring and developing mining properties,capitalized exploration and evaluation expenditures, pre-production expenditure directly attributable to mining properties, mine infrastructure and equipment directrly involved in development of the deposit.

Mining assets are depreciated on a straight-line basis over the shorter of their useful economic lives or estimated useful life of the relevant mine. The estimated useful life of the mine is considered to be the shorter of the current licence period and the anticipated commercial life of the mine. The anticipated commercial life of the mine is based on estimated proven and probable ore reserves and anticipated production. Depreciation is charged from the date on which a new mine reaches commercial production quantities and is included in the cost of production. All of the Company's mining properties are currently in the exploration phase. Non-mining assets are recorded at cost, net of accumulated depreciation.

Depreciation of non – mining assets is calculated on the straight-line method so as to write off the cost of each asset to its residual value over its estimated useful life. The annual depreciation rates used are as follows:

	%
Removable Temporary Buildings	10
Plant and machinery	10
Motor vehicles	20
Furniture, fixtures and office equipment	33
Tools	20

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to the statement of comprehensive income of the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount and are recognised in "other gains/(losses) – net" in the statement of comprehensive income.

All items of property, plant and equipment are subject to an annual impairment review.

Deferred income

Deferred income represents income receipts which relate to future periods.

2. Summary of significant accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within 'selling and marketing costs'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'selling and marketing costs' in the income statement.

Other receivables

Other receivables are stated at their nominal value.

Loans granted

Loans originated by the Company by providing money directly to the borrower are categorised as loans and are carried at amortised cost. This is defined as the fair value of cash consideration given to originate those loans as is determined by reference to market prices at origination date. All loans are recognised when cash is advanced to the borrower.

An allowance for loan impairment is established if there is objective evidence that the Company will not be able to collect all amounts due according to the original contractual terms of loans. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of loans.

Financial Assets

The Company classifies its investments as financial assets at fair value through profit or loss, and loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of investments at initial recognition and re-evaluates this designation at every statement of financial position date.

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

- Financial assets at fair value through profit or loss

  This category has two sub categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performance is evaluated on a fair value basis, in accordance with the Company's documented investment strategy. Information about these financial assets is provided internally on a fair value basis to the Company's key management personnel. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within twelve months of the balance sheet date.

- Loans and receivables

  Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market and for which there is no intention of trading the receivable. They are included in current assets, except for maturities greater than twelve months after the balance sheet date. These are classified as noncurrent assets. The Company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet.

Regular way purchases and sales of investments are recognised on trade date which is the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction cost are expensed in income statement. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortised cost using the effective interest method.

Realised and unrealised gains and losses arising from changes in the fair value of "financial assets at fair value through profit or loss" category are included in the income statement within "other (losses)/gains – net" in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the income statement as part of other income when the Company's right to receive payments is established

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis, making maximum use of market inputs and relying as little as possible on entity specific inputs. Equity investments for which fair values cannot be measured reliably are recognised at cost less impairment.

The Company assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets the cumulative loss which is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments are not reversed through the statement of comprehensive income.

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks cash with brokers and bank overdrafts. In the statement of financial position, bank overdrafts are included in borrowings in current liabilities.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings, using the effective interest method, unless they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extend there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment and amortised over the period of the facility to which it relates.

Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds, including interest on borrowings, amortisation of discounts or premium relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, finance lease charges and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, being an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset, when it is probable that they will result in future economic benefits to the Company and the costs can be measured reliably.

Borrowings are classified as current liabilities, unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Other payables

Other payables are stated at their nominal value.

2. Summary of significant accounting policies (continued)

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

Share capital

Ordinary shares are classified as equity.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

3. Financial risk management

(i) Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk, liquidity risk and capital risk management. The risk management policies employed by the Company to manage these risks are discussed below:

- **Market risk**

Foreign exchange risk
The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Russian Rubles, Egyptian pounds and the Euro. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Company's functional currency.

Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

3. Financial risk management (continued)

Financial risk factors (continued)

Price risk

The Company is exposed to equity securities price risk because of investments held by the Company and classified on the balance sheet at fair value through profit or loss. The Company is not exposed to commodity price risk.

The Company's equity investments that are publicly traded are included in the New York Stock Exchange Index and the Singapore Fund INC Index.

To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio.

Cash flow and fair value interest rate risk

As the Company has no significant interest-bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

The Company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

- **Credit risk**

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the statement of financial position date. The Company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables. Cash balances are held with high credit quality financial institutions and the Company has policies to limit the amount of credit exposure to any financial institution.

- **Liquidity risk**

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

3. Financial risk management (continued)

Financial risk factors (continued)

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

For the year ended 31 December 2009	Carrying amounts US$	Contractual cash flows US$	3 months or less US$	Between 3-12 months US$	Between 1-5 years US$	More than 5 years US$
Loans payable	1,208,800	1,208,800	-	-	1,208,800	-
Bank overdrafts	136	136	-	136	-	-
Trade and other payables	877,826	877,826	-	877,826	-	-
	2,086,762	2,086,762	-	877,962	1,208,800	-

For the year ended 31 December 2008	Carrying amounts US$	Contractual cash flows US$	3 months or less US$	Between 3-12 months US$	Between 1-5 years US$	More than 5 years US$
Bank overdrafts	143	143	-	143	-	-
Trade and other payables	321,604	321,604	-	321,604		-
	321,747	321,747	-	321,747		-

For the year ended 31 December 2007	Carrying amounts US$	Contractual cash flows US$	3 months or less US$	Between 3-12 months US$	Between 1-5 years US$	More than 5 years US$
Trade and other payables	25,795	25,795	-	25,795		-
	25,795	25,795	-	25,795		-

(ii) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

3. Financial risk management (continued)

(iii) Fair value estimation

Effective 1 January 2009, the Company adopted the amendment to IFRS 7 for financial instruments that are measured in the balance sheet at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Company's assets and liabilities that are measured at fair value at 31 December 2009.

	Level 1 US$	Total balance US$
Assets		
Financial assets at fair value through profit or loss:		
- Trading securities	483,945	483,945
Total assets measured at fair value	483,945	483,945

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise equity investments listed on New York Stock Exchange and units in Signapore Fund INC.

4. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

a) *Decommissioning and site rehabilitation estimates*

Provision is made for the costs of decommissioning and site rehabilitation costs when the related environmental disturbance takes place. Provisions are recognised at the net present value of future expected costs as outlined in Note 2.

The provision recognised represents management's best estimate at present that no significant costs will be incurred, but significant judgement is required as many of these costs will not crystallise until the end of the exploration and evaluation activities or not until the end of the life of the mine. Estimates are reviewed annually and are based on current regulatory requirements and the estimated useful life of mines.

b) *Recognition of exploration and evaluation assets*

Management makes judgments as to whether the expenditures which are capitalised as exploration and evaluation assets will be recouped by future exploitation or sale. In determining this, Management estimates the possibility of finding recoverable ore reserves related to particular areas of interest. However, these estimates are subject to significant uncertainties. Many of the factors, assumptions and variables involved in estimating resources are beyond the Company's control and may prove to be incorrect over time. Subsequent changes in gold resource estimates could impact the carrying value of exploration and evaluation assets.

c) *Impairment of property, plant and equipment*

Management reviews the carrying amount of property, plant and equipment on an annual basis to determine whether there is any indication that those assets are impaired. In making the assessment for impairment, assets that do not generate independent cash flows are allocated to an appropriate cash-generating unit. Management necessarily applies its judgments in allocating assets that do not generate independent cash flows to appropriate cash-generating units, and also in estimating the timing and value of underlying cash flows within the value in use calculation. Subsequent changes to the cash-generating unit allocation or to the timing of cash flows could impact the carrying value for the respective assets.

Judgements similar to those involved in determining the useful lives of mining assets are involved in the determination of whether property, plant and equipment are impaired.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2009

5. Revenue

	2009 US$	2008 US$	2007 US$
Sale of services	**608,179**	807,048	-
	608,179	807,048	-

6. Expenses by nature

	2009 US$	2008 US$	2007 US$
Raw materials and consumables used	**-**	7,427	-
Staff costs (Note 7)	**391,088**	197,909	-
Depreciation expense	**91,565**	91,492	-
Auditors' remuneration	**3,727**	3,242	-
Accounting fees	**15,069**	8,105	-
Consultancy fees	**115,000**	145,864	-
Legal fees	**16,492**	4,942	-
Repairs and maintenance	**-**	12,289	-
Management Fees	**87,011**	-	-
Agency services rented	**279,192**	-	-
Services received	**225,408**	373,265	-
Travelling expenses	**41,909**	25,963	-
Rent	**18,212**	-	-
Other expenses	**62,307**	19,230	9,125
Total expenses	**1,346,980**	889,728	9,125

7. Staff costs

	2009 US$	2008 US$	2007 US$
Wages and salaries	**381,779**	197,909	-
Tax paid on salaries	**9,309**	-	-
	391,088	197,909	-

8. Other income

	2009 US$	2008 US$	2007 US$
Bank interest	**325**	-	-
Realised foreign exchange profit	**-**	17	-
Unrealised foreign exchange profit	**-**	8,013	-
Dividend income	**26**	-	-
	351	8,030	-

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2009

9. Finance costs

	2009 US$	2008 US$	2007 US$
Loan interest	**57,155**	-	-
Bank overdraft interest	**7**	10	-
Other finance expenses			
Bank charges	**7,816**	8,954	577
Net foreign exchange transaction losses			
Realised exchange loss	**5,087**	345	-
Unrealised exchange loss	**2,031**	575	-
	72,096	9,884	577

10. Other gains - net

Financial assets at fair value through profit or loss:	2009 US$	2008 US$	2007 US$
Net gains from sale of financial assets at fair value through profit and loss	**574,228**	-	-
Fair value losses on financial assets at fair value through profit and loss (Note 17)	**(139,172)**	-	-
	435,056	-	-

11. Tax

The tax on the Company's results before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

	2009 US$	2008 US$	2007 US$
Loss before tax	**(375,490)**	(84,534)	(9,702)
Tax calculated at the applicable tax rates	**(27,848)**	(8,453)	(970)
Tax effect of expenses not deductible for tax purposes	**9,360**	11,807	80
Tax effect of allowances and income not subject to tax	**(52,697)**	(9,951)	-
Tax effect of tax loss for the year / period	**168,193**	6,597	890
Tax charge	**-**	-	-

The corporation tax rate is 10%.

Up to 31 December 2008, under certain conditions interest may be subject to defence contribution at the rate of 10%. In such cases 50% of the same interest will be exempt from corporation tax thus having an effective tax rate burden of approximately 15%.

From 1 January 2009 onwards, under certain conditions, interest may be exempt from income tax and only subject to defence contribution at the rate of 10%.

In certain cases dividends received from abroad may be subject to defence contribution at the rate of 15%.

Due to tax losses sustained in the year, no tax liability arises on the Company. Under current legislation, tax losses may be carried forward and be set off against taxable income of the following years.

12. Financial instruments by category

	Loans and receivables US$	Assets at fair value through profit or loss US$	Total US$
31 December 2007			
Assets as per balance sheet			
Cash and cash equivalents	17,511	-	17,511
Total	17,511	-	17,511

	Other financial liabilities US$	Total US$
31 December 2007		
Liabilities as per balance sheet		
Trade and other payables	25,795	25,795
Total	25,795	25,795

	Loans and receivables US$	Assets at fair value through profit or loss US$	Total US$
31 December 2008			
Assets as per balance sheet			
Trade and other receivables	16,982	-	16,982
Cash and cash equivalents	296	-	296
Total	17,728	-	17,728

	Other financial liabilities US$	Total US$
31 December 2008		
Liabilities as per balance sheet		
Borrowings	143	143
Trade and other payables	321,604	321,604
Total	321,747	321,747

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2009

12. Financial instruments by category (continued)

	Loans and receivables US$	Assets at fair value through profit or loss US$	Total US$
31 December 2009			
Assets as per balance sheet			
Non-current receivables	682,496	-	682,496
Trade and other receivables	74,251	-	74,251
Financial assets at fair value through profit or loss	-	483,495	483,495
Cash and cash equivalents	24,527	-	24,527
Total	781,274	483,495	1,264,769

	Other financial liabilities US$	Total US$
31 December 2009		
Liabilities as per balance sheet		
Borrowings	1,208,936	1,208,936
Trade and other payables	877,826	877,826
Total	2,086,762	2,086,762

13. Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	2009 US$	2008 US$	2007 US$
Trade receivables			
Counterparties without external credit rating			
Group 1	**51,382**	16,982	-
Fully performing other receivables			
Group 2	**705,365**	16,982	-
Cash at bank and short-term bank deposits(1)			
Aa2	**17,131**	-	-
Ba2	**7**	246	1,898
Baa2	**1,801**	50	12,848

(1) The rest of the balance sheet item 'cash and cash equivalents' is cash in hand.

Group 1 – existing customers (more than 6 months) with no defaults in the past.

Group 2 – companies within the group, common control companies and associates with no defaults in the past.

None of the financial assets that are fully performing has been renegotiated in the last year.

None of the loans and receivables from related parties is past due or impaired.

14. Property, plant and equipment

	Removable Temporary Buildings US$	Plant and machinery US$	Motor vehicles US$	Furniture, fixtures and office equipment US$	Tools US$	Total US$
At 31 December 2007/ 1 January 2008						
Cost	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-
Net book amount	-	-	-	-	-	-
Year ended 31 December 2008						
Opening net book amount	-	-	-	-	-	-
Additions	28,195	171,934	128,800	167,867	36,440	**533,236**
Depreciation charge	(2,820)	(17,193)	(25,760)	(33,574)	(12,145)	**(91,492)**
Closing net book amount	25,375	154,741	103,040	134,293	24,295	**441,744**
At 31 December 2008						
Cost	28,195	171,934	128,800	167,867	36,440	**533,236**
Accumulated depreciation	(2,820)	(17,193)	(25,760)	(33,574)	(12,145)	**(91,492)**
Net book amount	25,375	154,741	103,040	134,293	24,295	**441,744**
Year ended 31 December 2009						
Opening net book amount	25,375	154.741	103,040	134,293	24,295	**441,744**
Additions	-	-	-	359	-	**359**
Depreciation charge	(2,819)	(17,194)	(25,760)	(33,645)	(12,147)	**(91,565)**
Closing net book amount	22,556	137,547	77,280	101,007	12,148	**350,538**
At 31 December 2009						
Cost	28,195	171,934	128,800	168,226	36,440	**533,595**
Accumulated depreciation	(5,639)	(34,387)	(51,520)	(67,219)	(24,292)	**(183,057)**
Net book amount	22,556	137,547	77,280	101,007	12,148	**350.538**

15. Non-current loans receivable

	2009 US$	2008 US$	2007 US$
Loans to related parties (Note 23.2)	682,496	-	-
	682,496	-	-

The fair value of receivable loans approximates to their carrying amounts as presented above.

16. Trade and other receivables

	2009 US$	2008 US$	2007 US$
Trade receivables	9,240	9,240	-
Deposits and prepayments	2,697	1,047	-
Receivables from related parties (Note 23.1)	65,011	7,742	-
	76,948	18,029	-

The Company does not hold any collateral over the trading balances.

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

The exposure of the Company to credit risk and impairment losses in relation to trade and other receivables is reported in note 3 of the financial statements.

17. Financial assets at fair value through profit or loss

	2009 US$	2008 US$	2007 US$
Balance at 1 January	-	-	-
Additions	3,704,961	-	-
Disposals	(3,081,844)	-	-
Change in fair value (Note 10)	(139,172)	-	-
Balance at 31 December	483,945	-	-

	2009 US$	2008 US$	2007 US$
Listed Securities:			
Equity securities listed on New York Stock Exchange	482,615	-	-
Equity units in Singapore Fund INC	1,330	-	-
	483,945	-	-

The financial assets at fair value through profit or loss are marketable securities and are valued at market value at the close of business on 31 December by reference to Stock Exchange quoted bid prices. Financial assets at fair value through profit or loss are classified as current assets because they are expected to be realised within twelve months from the statement of financial position date.

In the cash flow statement, financial assets at fair value through profit or loss are presented within the section on operating activities as part of changes in working capital. In the statement of comprehensive income, changes in fair values of financial assets at fair value through profit or loss are recorded in operating income.

18. Cash and cash equivalents

For the purposes of the cash flow statement, the cash and cash equivalents include the following:

	2009 US$	2008 US$	2007 US$
Cash in hand	514	-	2,765
Cash with brokers	5,074	-	-
Cash at bank	18,939	296	14,746
	24,527	296	17,511

For the purposes of the cash flow statement, the cash and cash equivalents include the following:

	2009 US$	2008 US$	2007 US$
Cash at bank and in hand	24,527	296	17,511
Bank overdrafts (Note 20)	(136)	(143)	-
	24,391	153	17,511

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 3 of the financial statements.

19. Share capital

	2009 Number of shares	2009 US$	2008 Number of shares	2008 US$	2007 Number of shares	2007 US$
Authorised						
Ordinary shares of €1 each	1,000	1,418	1,000	1,418	1,000	1,418
Issued and fully paid						
On 1 January	1,000	1,418	1,000	1,418	-	-
Issue of shares	-	-	-	-	1,000	1,418
At 31 December	1,000	1,418	1,000	1,418	1,000	1,418

The total authorized number of ordinary shares is 1,000 shares (2008: 1,000 shares, 2007: 1,000 shares) with a par value of €1 per share. All issued shares are fully paid.

20. Borrowings

	2009 US$	2008 US$	2007 US$
Current borrowings			
Bank overdrafts (Note 18)	136	143	-
	136	143	-
Non current borrowings			
Loan payable (Note 23.4)	1,208,800	-	-
Total	1,208,936	143	-
Maturity of non-current borrowings:			
Between one and five years	1,208,800	-	-

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2009

21. Trade and other payables

	2009 US$	2008 US$	2007 US$
Trade payables	**14,547**	13,000	-
Agents (1)	**31,320**	-	25,000
Payable to related parties (Note 23.3)	**247,872**	-	-
Shareholders' current accounts - credit balances (Note 23.5)	**23,031**	-	-
Payables to parent (Note 23.5)	**297,199**	297,199	-
Brokers	**140,512**	-	-
Accruals (2)	**121,598**	11,405	-
Other creditors	**1,747**	-	795
	877,826	321,604	25,795

(1) During the year the Company has enter into agency agreements with three companies, the Diversified Property Fund and the Industry Union Vertical OJSC, which are assigned by the Company to conclude contracts for providing services and performing works related to the projects in the two licensed areas in Egypt.

(2) Accruals as at 31 December 2009 represent US$17,565 accountancy fees, US$6,969 audit fees, US$56 courier fees, US$ 9,997 legal fees and US$ 87,011 management fees.

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

22. Deferred Income

	2009 US$	2008 US$	2007 US$
Client advances	**-**	231,140	-
	-	231,140	-

23. Related party transactions

As at 31 December 2009 the Company's shares were wholly owned by SMW Engineering Limited incorporated in Russia. The Ultimate shareholder of Company is an individual non resident in Republic of Cyprus.

The following transactions were carried out with related parties:

23.1 Receivable from related parties (Note 16)

Name	2009 US$	2008 US$	2007 US$
Magnesium & Metals Ltd	**22,869**	-	-
MSMU Endowment Ltd	**1,628**	-	-
Pharaonic Resources	**40,514**	7,742	-
	65,011	7,742	-

Receivable from related parties represents payments made by the Company on behalf of those companies.

23.2 Loans to related parties (Note 15)

	2009	2008	2007
	US$	US$	US$
Magnesium.com Inc.	682,496	-	-
	682,496	-	-

On 1 July 2009 the Company has enter into a loan agreement with Magnesium.com Inc. for the capital sum of US$ 1,500,000. As at 31 December 2009 the Company has denominated only the capital sum of US$ 682,496. The loan is interest free until 31 December 2010. Thereafter the loan is bearing interest of 10% per annum. The loan will be repaid not later than 1 July 2014

23.3 Payables to related parties (Note 21)

Name	2009	2008	2007
	US$	US$	US$
Magnesium & Metals Ltd	247,872	-	-
	247,872	-	-

23.4 Loans from related parties (Note 20)

	2009	2008	2007
	US$	US$	US$
Magnesium & Metals Limited	1,208,800	-	-
	1,208,800	-	-

The Company has entered into a loan agreement with Magnesium & Metal Limited for the capital sum of US$ 2,000,000. By 31 December 2009 the Company has received US$ 1,152,442.50. The loan is bearing interest of 7% per annum and the accrued interest payable as at 31 December 2009 is US$ 56,357.08. The loan will be repaid not later than 5 January 2014.

23.5 Shareholders' current accounts - credit balances (Note 21)

	2009	2008	2007
	US$	US$	US$
Amount due to shareholder	320,230	297,199	-
	320,230	297,199	-

The shareholders' current accounts are interest free, are unsecured and have no specified repayment date.

24. Events after the reporting period

There were no material post balance sheet events, which have a bearing on the understanding of the financial statements.

25. Differences between International Financial Reporting Standards ("IFRS") and Canadian Generally Accepted Accounting Principles. ("GAAP")

The Company's special purpose financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union (EU), and the Requirements of the Cyprus Companies Law, CAP.113. There were no material differences between these IFRS financial statements and those prepared using Canadian GAAP.

DETAILED INCOME STATEMENT
For the year ended 31 December 2009

	Page	2009 US$	2008 US$	2007 US$
Revenue				
Rendering of services		**608,179**	807,048	-
Cost of sales	38	**(566,418)**	(867,551)	-
Gross profit		**41,761**	(60,503)	-
Operating expenses				
Exploration expenses	39	**(628,204)**	-	-
Administration expenses	39	**(152,358)**	(22,177)	(9,125)
Other income		**351**	8,030	-
Operating loss		**(738,450)**	(74,650)	(9,125)
Finance costs		**(72,096)**	(9,884)	(577)
Net gain from sale of financial assets at fair value through profit and loss		**574,228**	-	-
Fair value gains on financial assets at fair value through profit and loss		**(139,172)**	-	-
Net loss for the year before tax		**(375,490)**	(84,534)	(9,702)

COST OF SALES
For the year ended 31 December 2009

	2009 US$	2008 US$	2007 US$
Cost of sales			
Laboratory Expenses	-	7,427	-
	-	7,427	-
Direct costs			
Machinery repairs and maintenance	-	12,289	-
Services received	**39,491**	373,265	-
Consultancy fees	**115,000**	145,864	-
Staff costs	**269,650**	197,909	-
Licenses fees	**5,068**	-	-
Travelling	**41,909**	25,963	-
Transportation expense	**1,144**	13,342	-
Motor Vehicles Fuel	**921**	-	-
Motor vehicle running costs	**1,670**	-	-
Depreciation	**91,565**	91,492	-
	566,418	860,124	-
	566,418	867,551	-

OPERATING EXPENSES

For the year ended 31 December 2009

	2009 US$	2008 US$	2007 US$
Administration expenses			
Incorporation expenses	-	-	800
Telephone and postage	5,190	2,922	-
Courier expenses	655	234	225
Stationery and printing	295	-	-
Auditors' remuneration	3,727	3,242	-
Accounting fees	15,069	8,105	-
Legal fees	16,492	4,942	-
Other professional fees	2,688	1,817	7,200
Entertaining	3,949	-	-
Advertising	-	630	-
Management fees	88.344	285	900
Commissions paid to Brokers	15,949	-	-
	152,358	22,177	9,125

	2009 US$	2008 US$	2007 US$
Exploration expenses			
Services received	185,917	-	-
Agent Services rented	279,192	-	-
Staff costs	121,438	-	-
Rent	18,212	-	-
Electricity and fuel	2,508	-	-
Water rates	3,082	-	-
Transportation expense	615	-	-
Telephone and postage	3,440	-	-
Motor Vehicles Fuel	852	-	-
Licenses fees	12,948	-	-
	628,204	-	-

SCHEDULE "E"

PRO FORMA FINANCIAL STATEMENTS OF THE RTO RESULTING ISSUER – NILE GOLD CORP.

Nile Gold Corp.
(An exploration stage company)

PRO - FORMA
FINANCIAL STATEMENTS

AS AT SEPTEMBER 30, 2010

AND

FOR THE PERIODS ENDED

SEPTEMBER 30, 2010 AND

DECEMBER 31, 2009

(UNAUDITED)

Nile Gold Corp.
(An exploration stage company)
Pro-Forma Balance Sheet
As at September 30, 2010
(Unaudited)
(Expressed in U.S. dollars)

	Abenteuer Resource Corp. $	**SMW Gold Limited $**	**Notes**	**Pro - Forma Adjustments $**	**Pro - forma Nile Gold Corp. $**
ASSETS					
CURRENT					
Cash and cash equivalents	1,203,626	7,433	2b	662,500	
			2c	11,230,000	
			2a,d	(616,126)	12,487,43
Accounts receivable	60,354	66,871	2a	(60,354)	66,87
Other assets	3,685	1,565	2a	(3,685)	1,56
	1,267,665	75,869		11,212,335	12,555,86
LONG TERM					
Property and equipment	1,073,208	281,866	2a	(1,073,208)	281,86
Loans receivable	-	391,957			391,95
Reclamation performance bond	32,506		2a	(32,506)	
	1,105,714	673,823		**(1,105,714)**	673,82
	2,373,379	**749,692**		**10,106,621**	**13,229,69**
LIABILITIES					
CURRENT					
Accounts payable and accrued liabilities	24,317	513,570	2a	(24,317)	
			2h	210,000	723,57
Income tax payable	-	-	2f	331,000	331,00
	24,317	513,570		516,683	1,054,57
LONG TERM					
Asset retirement obligations	85,680		2a	(85,680)	
Future income tax liability	17,987		2a	(17,987)	
Loans payable	-	153,211			153,21
	127,984	666,781		413,016	1,207,78
SHAREHOLDERS' EQUITY					
EQUITY	2,454,405	1,459,811	2b	662,500	
			2a	(3,116,905)	
			2c	11,230,000	
			2d,f	919,000	13,608,81
DEFICIT	(209,010)	(1,376,900)	2a	209,010	
			2h	(210,000)	(1,586,900
	2,245,395	82,911		9,693,605	12,021,91
	2,373,379	**749,692**		**10,106,621**	**13,229,69**

Nile Gold Corp.
(An exploration stage company)
Pro – Forma Statement of Operations
For the nine months ended September 30, 2010
(Unaudited)
(Expressed in U.S. dollars, Except Share Data)

	Abenteuer Resource Corp. $	SMW Gold Limited $	Notes	Pro - Forma Adjustments $	Pro - forma Nile Gold Corp. $
REVENUES	365,123	-	2a	(365,123)	-
COST OF SALES	(61,156)	-	2a	61,156	-
	303,967	-		(303,967)	-
Operating	91,352	-	2a	(91,352)	-
Exploration expenses – general	34,465	802,820	2a	(34,465)	802,820
Depreciation, accretion and amortization	75,893	68,672	2a	(75,893)	68,672
Interest and bank charges	-	56,802			56,802
Foreign exchange loss	-	3,970			3,970
General and administrative	150,210	120,328	2a	(150,210)	120,328
	351,920	1,052,592		(351,920)	1,052,592
Loss before the undernoted	(47,953)	(1,052,592)		47,953	(1,052,592)
Gain on sale of investments	-	146,895			146,895
Other income	3,618	1,676	2a	(3,618)	1,676
NET LOSS BEFORE INCOME TAX	(44,335)	(904,021)		44,335	(904,021)
Income tax recovery (expense)	12,000	(3,082)	2a	(12,000)	(3,082)
NET LOSS FOR THE YEAR	(32,335)	(907,103)		32,335	(907,103)
Other comprehensive loss	-	(71)			(71)
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	(32,335)	(907,174)		32,335	(907,174)
Loss per share -basic and diluted					(0.02)
Weighted average number of shares outstanding (note 3)					47,157,306

Nile Gold Corp.
(An exploration stage company)
Pro – Forma Statement of Operations
For the year ended December 31, 2009
(Unaudited)
(Expressed in U.S. dollars, Except Share Data)

	Abenteuer Resource Corp. $	SMW Gold Limited $	Notes	Pro - Forma Adjustments $	Pro - forma Nile Gold Corp. $
REVENUES	495,900	608,179	2e	(608,179)	
			2a	(495,900)	-
COST OF SALES, excluding	(80,345)	(474,853)		474,853	
depreciation			2e		
			2a	80,345	-
	415,555	133,326		(548,881)	-
EXPENSES					
Operating	208,711	-	2a	(208,711)	-
Exploration expenses – general	49,406	628,204	2a	(49,406)	628,204
Depreciation, accretion and amortization	161,450	91,565	2a	(161,450)	91,565
Interest and bank charges	-	64,978			64,978
Foreign exchange loss	-	7,118			7,118
General and administrative	313,683	152,358	2a	(313,683)	152,358
	733,250	944,223		(733,250)	944,223
Loss before the undernoted	(317,695)	(810,897)		184,369	(944,223)
Gain on sale of investments	-	574,228			574,228
Other income	13,323	351	2a	(13,323)	351
NET LOSS BEFORE INCOME TAX	(304,372)	(236,318)		171,046	(369,644)
Income tax recovery (expense)	65,526	-	2a	(65,526)	-
NET LOSS FOR THE YEAR	(238,846)	(236,318)		105,520	(369,644)
Other comprehensive loss	-	(139,172)			(139,172)
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	(238,846)	(375,490)		105,520	(508,816)
Loss per share -basic and diluted					(0.01)
Weighted average number of shares outstanding (note 3)					47,157,306

1. PLAN OF ARRANGEMENT AND BASIS OF PRESENTATION

The accompanying pro-forma consolidated financial statements have been compiled for purposes of inclusion in a Filing Statement of Abenteuer Resources Corp. ("Abenteuer") dated January 17, 2011, which gives effect to a Share Exchange Agreement ("Agreement"), whereby Abenteuer will be acquired in a reverse takeover transaction by SMW Gold **Limited** ("SMW"), for accounting purposes but SMW will become a wholly-owned subsidiary or Abenteuer in legal terms. Abenteuer is to be renamed Nile Gold Corp. ("Nile") following the closing of the transactions pursuant to the Agreement.

To effect the reverse takeover transaction, Abenteuer will issue 25,000,000 units (note 3ii) to the shareholders of SMW in exchange for 100% of the issued and outstanding shares of SMW. In accordance with reverse takeover accounting, the transaction will be accounted for as if SMW had acquired the net assets Abenteuer and as if SMW is the continuing entity.

The unaudited pro-forma balance sheet of Nile as at September 30, 2010 and the statements of operations for the year ended December 31, 2009 and for the nine months ended September 30, 2010 reflect the reverse takeover of Abenteuer by SMW. This Agreement is subject to approval by the shareholders of Abenteuer and the appropriate regulatory authorities.

The pro-forma consolidated balance sheet of Nile and the statements of operations have been prepared in accordance with Canadian generally accepted accounting principles. In the opinion of management, the unaudited pro-forma consolidated financial statements include the adjustments necessary for the fair presentation of the proposed reverse takeover in accordance with Canadian generally accepted accounting principles.

This pro-forma consolidated balance sheet is not necessarily indicative of Nile as at the time of closing the transaction referred to above. The pro-forma consolidated financial statements should be read in conjunction with the audited annual financial statements of SMW for the year ended December 31, 2009 and with the unaudited interim financial statements of SMW as at and for the nine months ended September 30, 2010, which are included in and form part of the Filing Statement.

2. PRO-FORMA ASSUMPTIONS

The unaudited pro-forma consolidated financial statements of Nile gives effect to the accounting continuation of SMW as described in the Filing Statement, as if the reverse takeover of Abenteuer had occurred as at January 1, 2010 for purposes of the pro-forma balance sheet and as of January 1, 2009 for purposes of the pro-forma statements of operations and are based on the following assumptions:

a) Approval of the Plan of Arrangement ("Arrangement"), as described in the Information Circular of Abenteuer dated November 15, 2010, whereby shareholder approval is sought for the spin out to Roughrider Energy Corp. ("Roughrider") of all of the assets and the oil and gas operations of Abenteuer less cash in the amount of $1,250,000 (C$1,250,000), subject to approval by the appropriate regulatory authorities;

b) For Abenteuer a total of 3,300,000 warrants are exercised at $0.15 per share, with the remaining balance of 500,000 warrants expiring unexercised on completion of the Arrangement. A total of 400,000 options are exercised at $0.20 per share, 250,000 options are exercised at $0.23 per share and 300,000 options are exercised at $0.10 per share between October 1, 2010 and the date of closing of the Arrangement. The remaining 300,000 options expired during November 2010.

c) Nile will successfully close brokered and non-brokered financings for $12,000,000 (C $12,000,000) concurrent with the closing of the transactions contemplated pursuant to the Agreement at an assumed price of C$0.80 per share. Cash share issuance costs are estimated to be $520,000 (C$520,000) and the related legal and other transaction costs directly related to the financing are estimated at $250,000 (C$250,000);

d) Abenteuer will have cash in the amount of $1,250,000 (C$1,250,000) at the time of closing the transactions contemplated pursuant to the Agreement, as described in assumption (a) above, and no other assets or liabilities, except as described in assumption (f) below;

e) The prior services business of SMW will not be continued in the future as the company will be exploring and developing its own resource properties in Egypt;

f) The estimated taxes owing by Abenteuer on the carve out of the existing oil and gas assets to Roughrider of $331,000 (C331,000), which are to remain as a liability of Abenteuer and not Roughrider;

g) A finder fee of 880,000 units will be paid to the party who acted as the finder in connection with the Agreement. Each unit consists of one common share and one common share purchase warrant, with each warrant being exercisable for 30 months following completion of the Arrangement at C$1.20 per share;

h) Transaction costs related to the reverse take-over portion of the Agreement are estimated at $210,000 (C$210,000); and

i) A Canadian dollar – U.S. dollar exchange rate of 1.00.

(Expressed in U.S. dollars, Except Share Data)

3. SHAREHOLDER'S EQUITY

Authorized: unlimited number of common shares

Issued:	*Number of shares*	**Equity** $	**Deficit** $	**Total** $
Share capital immediately prior to completion of the reverse takeover transaction (i)	*25,000,000*	1,459,811	(1,376,900)	82,911
Shares issued to effect the reverse takeover (ii)	*7,553,306*	919,000	-	919,000
Finder fee payment in units (iii)	*880,000*	51,385	-	51,385
Share issuance costs (iii)	-	(51,385)	-	(51,385)
Brokered concurrent private placement (iv)	*14,000,000*	11,200,000	-	11,200,000
Share issuance costs (iv)	-	(770,000)	-	(770,000)
Non-brokered concurrent private placement (v)	*1,000,000*	800,000	-	800,000
Transaction costs (note 2h)	-	-	(210,000)	(210,000)
Pro-forma – September 30, 2010	*48,433,306*	13,608,811	(1,586,900)	12,021,911

(i) Pursuant to reverse takeover accounting, the number of shares represents the 25,000,000 units issued to the shareholders of SMW. Each unit consists of one common share and one common share purchase warrant, with each warrant being exercisable for 30 months following completion of the Arrangement at C$1.20 per share. No value has been assigned to the warrants for this pro-forma, although an allocation between share capital and the warrants will result.

The share capital and deficit amounts represent the balances of SMW as at September 30, 2010.

(Expressed in U.S. dollars, Except Share Data)

3. SHAREHOLDER'S EQUITY, continued

(ii) The number of shares represents the number of shares of Abenteuer immediately prior to the Arrangement completion. Under the Arrangement the common shares will be consolidated on the basis of two and one half old shares for one new share, such that there will be 7,553,306 outstanding common shares, assuming the exercise of warrants or options between the date of the Filing Statement and the effective date of the transaction as described in Note 2b above.

In accounting for the reverse-takeover of Abenteuer by SMW, the amount assigned to the 7,553,306 outstanding common shares, is the net assets of Abenteuer at the time of the transaction, which is estimated to be:

Cash	$ 1,250,000
Income taxes payable	331,000
Net assets	$ 919,000

(iii) A finder fee of 880,000 units will be paid to the party who acted as the finder in connection with the Agreement. Each unit consists of one common share and one common share purchase warrant, with each warrant being exercisable for 30 months following completion of the Arrangement at C$1.20 per share. We have estimated a value for these units on a pro rata basis equivalent to the value per share assigned to the shares issued to the shareholders of SMW to effect the reverse takeover transaction. No value has been assigned to the warrants for this pro-forma, although an allocation between share capital and the warrants will result.

(iv) The brokered concurrent private placement of 14,000,000 units at C$0.80 per unit, closed in escrow on November 23, 2010. Each unit consists of one common share and one common share purchase warrant, at C$1.20 for a period of 30 months from issuance. The agent will receive a cash commission of $520,000 (C$520,000) in respect of the brokered concurrent private placement and the related legal and other transaction costs directly related to the financing are estimated at $250,000 (C$250,000). No value has been assigned to the warrants for this pro-forma, although an allocation between share capital and the warrants will result.

3. SHAREHOLDER'S EQUITY, continued

The Agent will also receive 650,000 special compensation options. On the effective date these special compensation options will convert to 650,000 agent options, which are exercisable into units at the offering price of C$0.80 per unit for 30 months following the closing of the brokered concurrent financing. Each unit would then consist of one common share and one common share purchase warrant, at C$1.20 for a period of 30 months from issuance of the special compensation options. For purposes of this pro-forma the resulting increase in contributed surplus and reduction in share capital for share issuance costs would offset within equity.

(v) The non-brokered concurrent private placement of 1,000,000 units at C$0.80 per unit, closed in escrow on November 30, 2010. Each unit consists of one common share and one common share purchase warrant, at C$1.20 for a period of 30 months from issuance. No value has been assigned to the warrants for this pro-forma, although an allocation between share capital and the warrants will result.

(vi) As part of the Reverse take-over certain key employees will receive a total of 6 million management incentive warrants. These warrants will vest and be exercisable as follows:

- 25% upon the share price closing above C$0.90 for 45 consecutive days at C$0.90 per share;
- 25% upon the share price closing above C$1.20 for 45 consecutive days at C$1.20 per share;
- 25% upon the share price closing above C$1.60 for 45 consecutive days at C$1.60 per share; and
- 25% upon the share price closing above C$2.00 for 45 consecutive days at C$2.00 per share.

The warrants will expire on the earlier of three years from the date of grant or 90 days after the holder leaves the employment or ceases to hold a director position with Abenteuer. No compensation expense has been recorded in this pro-forma financial statement as the incentive warrants have yet to be approved.