



**ANNUAL INFORMATION FORM**

**For the year ended December 31, 2013**

**RTG Mining Inc  
Level 2, 338 Barker Road  
Subiaco WA 6008**

**Telephone: +61 8 6489 2900  
Fax: +61 8 6489 2920**

**[www.rtgmining.com](http://www.rtgmining.com)**

**Dated: March 31, 2014**

**RTG MINING INC**  
**TABLE OF CONTENTS**

<b>1.</b>	<b>Corporate Structure.....</b>	<b>- 3 -</b>
	<i>Name, Address and Incorporation .....</i>	<i>- 3 -</i>
<b>2.</b>	<b>General Development of the Business .....</b>	<b>- 4 -</b>
	<i>History from Incorporation .....</i>	<i>- 4 -</i>
<b>3.</b>	<b>Description of the Business.....</b>	<b>- 8 -</b>
	<i>Business of the Company.....</i>	<i>- 8 -</i>
	<i>Our Assets.....</i>	<i>- 8 -</i>
	<i>Financing.....</i>	<i>- 9 -</i>
	<i>Details/Disclosures.....</i>	<i>- 9 -</i>
	<i>Risk Factors.....</i>	<i>- 9 -</i>
	<i>Current Projects.....</i>	<i>- 19 -</i>
	<i>Resource Statement.....</i>	<i>- 25 -</i>
<b>4.</b>	<b>Events Subsequent to 31 December, 2013.....</b>	<b>- 26 -</b>
<b>5.</b>	<b>Dividends.....</b>	<b>- 27 -</b>
<b>6.</b>	<b>Description of the Capital Structure.....</b>	<b>- 27 -</b>
<b>7.</b>	<b>Market for Securities .....</b>	<b>- 27 -</b>
<b>8.</b>	<b>Escrowed Securities.....</b>	<b>- 28 -</b>
<b>9.</b>	<b>Directors and Officers.....</b>	<b>- 28 -</b>
<b>10.</b>	<b>Legal Proceedings and Regulatory Actions .....</b>	<b>- 30 -</b>
<b>11.</b>	<b>Conflicts of Interest.....</b>	<b>- 32 -</b>
<b>12.</b>	<b>Interest of Management and Others in Material Transactions.....</b>	<b>- 32 -</b>
<b>13.</b>	<b>Transfer Agents and Registrars.....</b>	<b>- 32 -</b>
<b>14.</b>	<b>Material Contracts.....</b>	<b>- 32 -</b>
<b>15.</b>	<b>Interests of Experts .....</b>	<b>- 34 -</b>
<b>16.</b>	<b>Audit Committee .....</b>	<b>- 34 -</b>

## Currency

Unless otherwise specified, all dollar references are to United States (US) dollars. On December 31, 2013, one (1) US dollar was worth approximately 1.0694 Canadian dollars (“C\$”) and approximately \$0.8873 Australia dollars (“A\$”) based on rates provided by currency site [www.oanda.com](http://www.oanda.com).

## Forward Looking Statements

This Annual Information Form (“AIF”) includes certain “forward-looking statements” within the meaning of Canadian securities legislation including, among others, statements made or implied relating to the Company’s objectives, strategies to achieve those objectives, the Company’s beliefs, plans, estimates and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations. All statements, other than statements of historical fact, included herein, are forward-looking statements. Forward looking statements generally can be identified by words such as “objective”, “may”, “will”, “expected”, “likely”, “intend”, “estimate”, “anticipate”, “believe”, “should”, “plans”, or similar expressions suggesting future outcomes or events.

Forward looking statements are not guarantees of future performance and reflect the Company’s current beliefs based on information currently available to management. Such forward looking statements are based on a number of material assumptions, which could prove to be significantly incorrect, including: the Company’s ability to obtain necessary financing and adequate insurance; the Company’s expectations regarding the economy generally, current and future stock prices, results of operations, and the extent of future growth and performance; and assumptions that all necessary permits and governmental approvals will be obtained. Forward looking statements by their nature involve known and unknown risks, uncertainties and are subject to factors inherent in the business of the Company and the risk factors discussed in this AIF and other materials filed with the securities regulatory authorities from time to time which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Those risks and uncertainties include, but are not limited to: the mining industry (including operational risks; risks in exploration, and development; the uncertainties involved in the discovery and delineation of mineral deposits, resources or reserves; and the uncertainty of mineral resource and mineral reserve estimates); the risk of gold, copper and other commodity price and foreign exchange rate fluctuations; the ability of the Company to fund the capital and operating expenses necessary to achieve the business objectives of the Company; the uncertainty associated with commercial negotiations and negotiating with foreign governments; the risks associated with international business activities; risks related to operating in Nigeria and the Philippines; environmental risk; the dependence on key personnel; the ability to access capital markets and other risks and uncertainties disclosed in “*Risk Factors*” in this AIF.

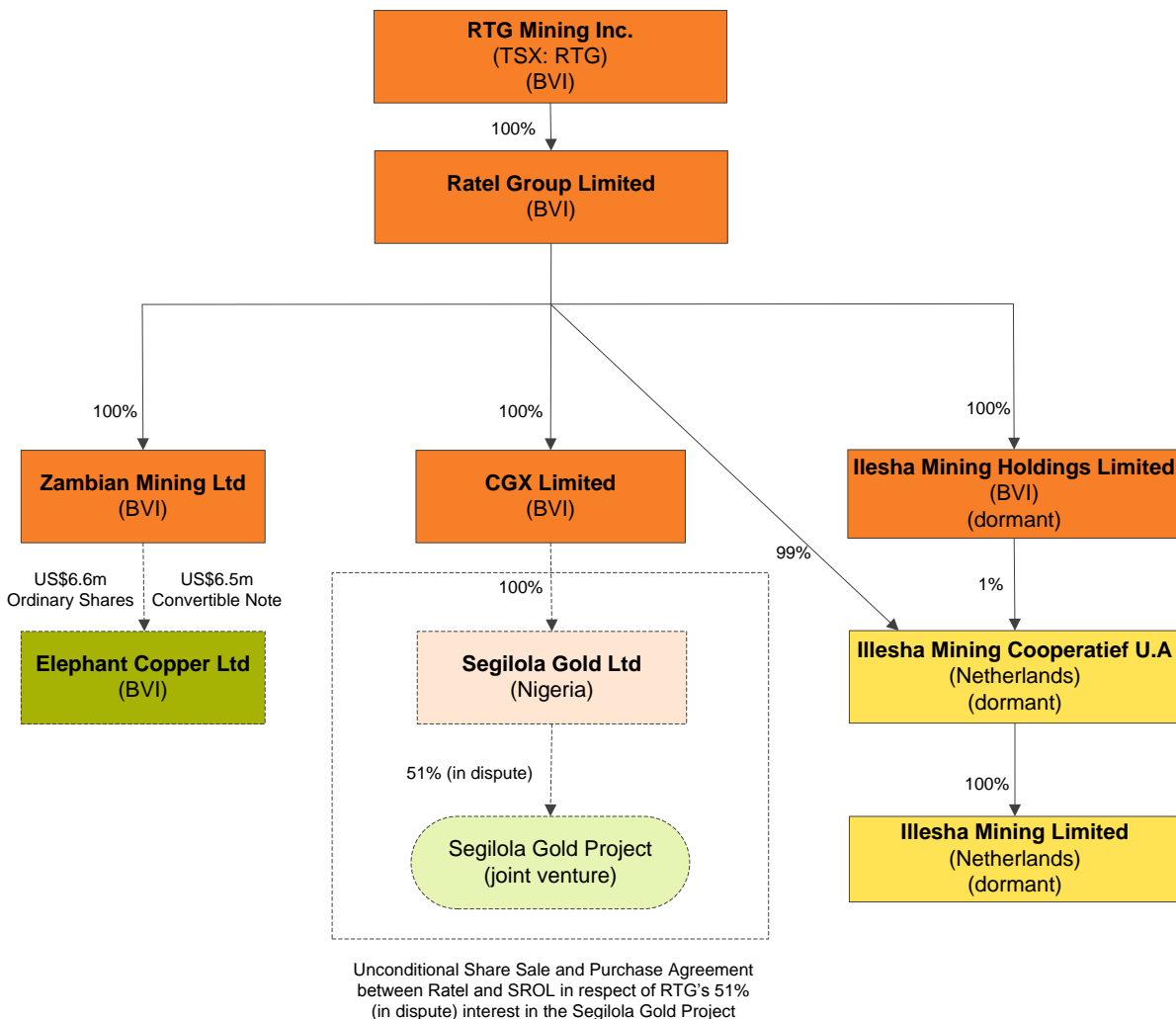
Readers are cautioned not to place undue reliance on these forward looking statements, which speak only as of the date the statements were made and are advised to consider such forward looking statements in light of the risks set forth above. Except as required by applicable securities laws, the Company assumes no obligation to update or revise any forward looking statements to reflect new information or the occurrence of future events or circumstances.

# 1. Corporate Structure

## Name, Address and Incorporation

RTG Mining Inc. (“RTG”, or the “Company”) was incorporated on 27 December 2012 pursuant to the BVI Business Companies Act 2004 (British Virgin Islands). The Company’s registered office is at Jayla Place, Wickhams Cay I, Road Town, Tortola, VG1110, British Virgin Islands and its corporate office is located at Level 2, 338 Barker Road Subiaco WA Australia. On 28 March 2013, Ratel Group Limited (“Ratel Group”) and RTG completed the merger (the “Merger”) of Ratel Group and Ratel Merger Ltd., a wholly-owned subsidiary of RTG. The surviving corporation formed by the Merger is a wholly-owned subsidiary of RTG. RTG’s ordinary shares (“RTG Shares”) began trading on the TSX under the former symbol for Ratel Group’s shares, “RTG”, effective as of the open of markets on April 15, 2013.

**RTG Mining Inc. Group Structure as at 31 March 2014**



\* RTG has entered into a sale agreement for its interest in the Segilola Gold Project in Nigeria to the current joint venture partner for a total consideration of US\$14M, with US\$1M due on completion, US\$5M due in 18 months after completion and a 3% net smelter royalty, under which up to a maximum of US\$8M may be paid to RTG. The sale

also resolves the existing dispute with the current joint venture partner whereby the ownership interest in the Segilola Joint Venture was in dispute as the Company believes it has earned a 51% interest and the joint venture partner was seeking to argue that the interest has not been validly earned and the options have not all been validly exercised. Completion is anticipated in the next couple of months.

## **2. General Development of the Business**

### **History from Incorporation**

RTG was incorporated on 27 December 2012 and is domiciled in the British Virgin Islands. On 28 March 2013, Ratel Group and RTG completed the merger (the “Merger”) of Ratel Group and Ratel Merger Ltd., a wholly-owned subsidiary of RTG. As a result, the surviving corporation formed by the Merger is a wholly-owned subsidiary of RTG. On 15 April, 2013, the restructuring transaction was fully completed along with the satisfaction of the escrow release conditions pursuant to the private placement (the “Private Placement”) of 162,538,641 subscription receipts of RTG at C\$0.13 each, raising gross proceeds in the order of C\$21.1M. As a result, the previously issued ordinary shares of Ratel Group (the “Ratel Shares”) were exchanged for ordinary shares of RTG (the “RTG Shares”) and the surviving corporation formed by the Merger is a wholly-owned subsidiary of RTG; and the 162,538,641 previously issued subscription receipts were automatically converted (for no additional consideration) into 162,538,641 RTG Shares and the gross proceeds of the Private Placement, less the commission payable to Haywood Securities Inc. as agent under the Private Placement and less the fees payable to the subscription receipt agent under the Private Placement, were released to RTG. The RTG Shares began trading on the TSX under the former symbol for the Ratel Shares, “RTG”, effective as of the open of markets on April 15, 2013.

Ratel Group was incorporated on October 18, 2010 and is domiciled in the British Virgin Islands. Both CGX Limited (“CGX”) and Zambian Mining Limited (“Zambian Mining”) were incorporated on August 22, 2006 and are also domiciled in the British Virgin Islands. Ratel Group, CGX and Zambian Mining were previously wholly owned subsidiaries of Ratel Gold (now St Augustine Gold & Copper Limited). On December 17, 2010, the shares held by Ratel Gold (now SAU) were transferred to Ratel Group who acquired a 100% interest in Zambian Mining and CGX. Ratel Group was previously listed on the TSX on January 4, 2011 under the symbol “RTG” and pursuant to the Merger, has since ceased trading on the TSX and as of May 1, 2013, ceased to be a reporting issuer. CGX and Zambian Mining were incorporated to act as holding companies respectively for the interests in the Segilola Gold Project in Nigeria and the Mkushi Copper Project in Zambia (sold during the current period, as discussed below).

#### *Mkushi Copper Project*

A joint venture was entered into with African Eagle Resources (“AFE”) for the Mkushi Copper Project in Zambia whereby the Company’s wholly owned subsidiary Seringa Mining Limited (“SML”) acquired a 51% interest in the project through its 51% shareholding in Mkushi Copper Joint Venture Limited (“MCJVL”) which holds the mine tenements, with AFE retaining a 49% interest. SML was responsible for funding a bankable feasibility study, while AFE managed exploration initiatives outside the initial development zones, with funding proportional to the percentage interest held by each party in the project. The joint venture agreement was finalised and executed on May 30, 2007. SML prepared a detailed feasibility study. On 3 December 2012, AFE announced it had sold its 49% interest to Elephant Copper Ltd (“Elephant Copper”) who we have now also sold our interest in the joint venture to, as detailed below.

RTG announced on 29 August 2013 that it had sold its interest in the Mkushi Copper Project for US\$13.1 million to Elephant Copper. Pursuant to the Share Sale Agreement between Zambian Mining and Elephant Copper, Zambian Mining agreed to sell 100% of the share capital of RTG's wholly owned subsidiary SML, which holds the 51% interest in MCJVL. The purchase price of US\$13.1 million was satisfied by:

1. the issue of 20 million fully paid ordinary shares at an issue price of US\$0.33 per share in Elephant Copper to ZML to the value of US\$6.6 million ("Consideration Shares"); and
2. a US\$6.5 million unsecured redeemable convertible note ("Convertible Note");

Elephant Copper also agreed to payment of the Deferred Heap Leach payment totalling US\$1,399,064 million ("DHL Payment"). The DHL Payment represents amounts paid by Zambian Mining on behalf of Elephant Copper to MCJVL.

On 22 October 2013, the conditions precedents to the Share Sale Agreement with Elephant Copper were satisfied and the sale was completed. Elephant Copper is in the process of completing a listing on the TSX ("IPO") by way of signing a non-binding letter of intent (the "LOI") on 19 December 2013, with International Millennium Mining Corp. ("IMMC"), a TSX Venture Exchange ("TSXV") listed entity, outlining the general terms and conditions pursuant to which IMMC and Elephant Copper would be willing to complete a business combination transaction ("Listing Transaction"). The LOI is to be superseded by a definitive merger, amalgamation or share exchange agreement ("Definitive Agreement"). IMMC proposes to acquire all of the issued and outstanding ordinary shares of Elephant Copper (each, an "Elephant Share") pursuant to the terms of the Definitive Agreement. It is expected that each Elephant Copper shareholder will receive one post-Consolidation (as defined below) common share of IMMC ("IMMC Share"), at a deemed value of C\$0.30 per IMMC Share for each Elephant Share held. It is anticipated that immediately prior to the closing of the Listing Transaction, IMMC will complete a consolidation (the "Consolidation") of all of its outstanding common shares and convertible securities (the "IMMC Securities") on the basis of one IMMC Security for each three outstanding IMMC Securities. The completion of the Listing Transaction will be subject to the satisfaction of certain conditions prior to closing, including, but not limited to, the following:

Elephant Copper must complete a financing (the "Offering") for minimum gross proceeds of not less than C\$1 million at an issue price of not less than C\$0.30 per security. It is expected that the Offering will be completed prior to the closing of the Listing Transaction and the securities of Elephant Copper issued pursuant to the Offering will be exchanged into corresponding securities of IMMC in accordance with the exchange ratio. The net proceeds of the Offering will be released to the resulting issuer upon completion of the Listing Transaction.

Elephant Copper and IMMC will enter into a Definitive Agreement in respect of the Listing Transaction. The Transaction is conditional upon all requisite regulatory approvals relating to the Transaction, including, without limitation, TSXV approval, being obtained.

The Convertible Note will be repayable on or before 1 January 2015, unless converted earlier, and will have an exercise price for conversion equal to the lesser of US\$0.45 and 1.36 times the IPO price for shares in Elephant Copper. The Convertible Note is convertible at the sole election of Zambian Mining. Under the Share Sale Agreement, if:

1. the IPO does not proceed, or proceeds at a price less than US\$0.33 per share, Zambian Mining will be entitled to additional Consideration Shares so that the total value of the Consideration Shares is US\$6.6 million; or

2. if Elephant Copper enters into an alternative transaction;

then, the total consideration payable under the Share Sale Agreement is to be satisfied in cash or alternatively, Elephant Copper will be required to buy all of the Consideration Shares and any shares to be issued under the Convertible Note at a price of US\$0.33 per share.

Pursuant to the Share Sale Agreement, Elephant Copper undertook to complete its IPO by 31 December 2013 and repay the DHL Payment by 1 January 2014.

On 30 December 2013, RTG received a letter from Elephant Copper requesting consideration of an amendment to the Share Sale Agreement to permit Elephant Copper more time to complete the IPO and repay the DHL Payment. SML issued a demand letter on 8 January 2014 demanding payment of the outstanding DHL Payment. SML has advised Elephant Copper that it fully reserves all of its rights and remedies under the Share Sale Agreement and has not agreed to any amendment.

#### *Segilola Gold Project*

In May 2007 Segilola Gold Limited ("SGL"), a wholly owned subsidiary of RTG, entered into a joint venture with Tropical Mines Limited ("TML"), a private company based in Nigeria, to earn a 51% interest in the Segilola Gold Project in Nigeria. An initial maiden indicated resource estimate was declared for the Segilola Gold Project comprising 3,620,386 tonnes at a grade of 4.50g/t for 521,814 ounces of gold plus an inferred resource of 747,590 tonnes at a grade of 4.00g/t for 96,445 ounces of gold. The maiden resource was generated from a drilling campaign of 12,166 metres in 119 holes ranging in depth from 40 metres to 220 metres. The deposit lends itself to initial exploitation by open pit mining methods. The metallurgical characteristics of the ore are amenable to conventional CIL processing techniques.

On 30 March 2012, SGL exercised the third and final option lifting its percentage interest in the mineral tenements from 38% to 51%. TML has refused to accept that SGL validly exercised this option. On 18 May 2012, SGL gave TML a notice of dispute advising of its intention to refer the dispute to arbitration under the joint venture agreement and to seek a declaration that SGL is the holder of a 51% interest in the mineral tenements the subject of the Segilola Gold Project ("Notice of Arbitration").

On 18 June 2012, TML was granted interim orders in the Federal High Court of Nigeria restraining SGL from proceeding further with the arbitration or commencing a new arbitration until the hearing and determination of TML's motion. On 27 June 2012, SGL consented to orders that SGL not proceed further with the arbitration the subject of the Notice of Arbitration. The remaining issue in dispute is in relation to orders sought by TML that SGL is required to pay TML's legal fees to defend its interest in response to the Notice of Arbitration before it may re-commence the arbitration process under the Joint Venture Agreement.

A hearing was due to be held on 4 October 2012 to hear arguments on the point of costs but was adjourned to 14 November 2012 and further adjourned to 22 April 2013 for report of the settlement or hearing of the pending applications. At the hearing on 22 April 2013, counsel informed the Court that settlement discussions were underway and that parties needed time to conclude the same. As a result the matter was adjourned to 17 June 2013, 16 October 2013, and has subsequently been further adjourned to 9 June 2014 for report of settlement.

RTG has now entered into an unconditional Share Sale and Purchase Agreement for the sale of RTG's 51% interest in the Segilola Gold Project in Nigeria for approximately US\$14 million to RTG's joint venture partner, Segilola Resources Operating Limited ("SROL"). The Segilola sale transaction also provides for the settlement of the related disputes in relation to the Segilola Gold Project between Ratel Group, SGL, TML, SROL, NGML, Bakrie Delano Africa Limited, NGM Resources Limited and Mr Oladipo Delano under the terms of an agreed Settlement Deed. The disputes concern a purported termination of the Joint Venture Agreement. This includes the settlement of the injunctive proceedings brought by SGL before the Federal High Court of Nigeria and the interim injunction issued against SGL by the Federal High Court of Nigeria dated 18 June 2012. On the Completion Date of the Segilola sale transaction, signed counterparts of the Settlement Deed will be released from escrow and come into effect. As a result each of the injunctive proceedings will be discontinued with no order as to costs and each party will bear their own costs.

#### *Obuasi Joint Venture*

In 2010 Ratel Group entered into an acquisition agreement to purchase all the shares in CAML Ghana Limited ("CAML Ghana"). CAML Ghana is an unrelated entity to Ratel Group. CAML Ghana and Westchester Resources Limited ("Westchester") are participants in a gold exploration project in Ghana pursuant to the Obuasi Prospecting Farmin and Joint Venture Agreement.

The acquisition agreement was conditional upon the approval of the transaction by the relevant Ghanaian Minister. Ministerial approval was not obtained, and on 3 November 2011 Ratel Group announced that the Obuasi Prospecting Farmin and Joint Venture Agreement had been terminated. Westchester issued proceedings in Ghana against a number of parties, including Ratel Group in February 2012, which are considered both unsubstantiated and without foundation (the "Proceedings").

CAML Ghana had the Proceedings stayed following an order from the London Court of Arbitration in April 2012 in the context of arbitration proceedings launched against Westchester by CAML Ghana. On its application, Ratel has been joined as a party to the arbitration. On 27 November 2012, on the application of Westchester, the High Court of Ghana set aside that stay order. CAML Ghana has appealed that decision and in February 2013 the Proceedings were stayed pending the outcome of that appeal. A hearing took place before the Court of Appeal on 4 March 2014. The Court of Appeal has adjourned the matter until 5 June 2014 for judgement.

In July 2013 a hearing took place in the arbitration before the Arbitral Tribunal in London. The Arbitral Tribunal delivered its award on all matters of liability in September 2013, finding in favour of CAML Ghana on all points and ordering Westchester to pay to CAML Ghana US\$940,000 in damages and costs ("Arbitration Award").

On 14 November 2013, CAML Ghana filed a petition in the United States District Court for the Southern District of New York seeking to confirm the Arbitration Award and to obtain an anti-suit injunction in relation to the Proceedings. Ratel Group is a co-petitioner. Westchester is opposing the petition. A hearing took place on 24 March 2014. The matter has been adjourned without a new date being set.

#### *Loan Facility*

During September 2012, Ratel Group entered into a Loan Facility Agreement with CGA Mining Limited for the sum of \$2.5M. In April 2013, the outstanding principal and interest on the loan facility was fully repaid.



### *Sierra Scheme of Arrangement*

On 24 February 2014, RTG announced it had entered into a conditional Scheme Implementation Deed (“Merger Agreement”) with Sierra Mining Limited (“Sierra”) to combine the two companies at an agreed exchange ratio of:

- 3 RTG shares for each Sierra share held; plus
- 1 RTG option for every 3 Sierra shares held.

The RTG options will be exercisable for a period of three years at an exercise price of C\$0.15.

This consideration represents:

- approximately A\$0.301 (C\$0.30) per Sierra share (based on the closing share price for RTG on TSX on 21 February 2014, and the Black-Scholes option pricing model based on Sierra’s 12 month volatility, and the exchange rate on 21 February 2014 of CAD:AUD 1.005);
- a premium of 27.4% to the 30 day VWAP of the Sierra share price based on the 30 day VWAP of the RTG share price; and
- a premium of 15.9% to the closing price of Sierra shares of A\$0.26 on 21 February 2014 (being the date prior to the announcement).

The merger will be implemented by way of Scheme of Arrangement between Sierra and its shareholders under the Australian Corporations Act 2001 . RTG will also seek a listing on the Australian Securities Exchange (ASX) (in addition to its current TSX listing) as part of the transaction.

The merger is conditional upon approvals from Sierra shareholders, RTG shareholders and the Australian Court as well as necessary regulatory approvals and other customary conditions (see Merger Agreement for more details). In conjunction with the merger, RTG also intends to undertake a consolidation of its shares on a 10:1 basis.

RTG is currently expecting to send a circular to shareholders in mid April 2014, with a shareholders meeting to approve the share and option issuances under the merger, along with other matters, to be held in mid May 2014.

### **3. Description of the Business**

#### **Business of the Company**

##### ***Objectives and Strategy***

RTG has a strategic focus on acquiring and developing interests in mineral properties with demonstrated potential for hosting economic mineral deposits, with gold deposits as the primary focus, and progressing them towards production.

##### **Our Assets**

During the period ended 31 December, 2013, RTG sold its 51% interest in the Mkushi Copper Project in Zambia for approximately US\$13.1 million to RTG’s joint venture partner, Elephant Copper Ltd. RTG has also entered into an unconditional Share Sale and Purchase Agreement for the sale of RTG’s 51% interest (in dispute) in the Segilola Gold Project in Nigeria for approximately US\$14 million to RTG’s joint venture partner, SROL, and as part of the sale process, settle all outstanding disputes between the parties.

As discussed in *"General Development of the Business"*, subsequent to 31 December, 2013, RTG has entered into a Merger Agreement with Sierra, to combine the two companies. Sierra has a package of Philippine resource interests that include both a near to medium term high grade development opportunity, the Mabilo Project and a number of highly prospective exploration opportunities including the Bunawan property. The Mabilo Project appears to be a high grade polymetallic project that offers metal diversification for gold, copper, and magnetite at grades that should allow for the production of highly saleable products including a copper/gold concentrate and a magnetite concentrate.

Mr Mark Turner, BE Min (Hons), M.Aus.I.M.M. CP Man, is acting as the Qualified Person in compliance with National Instrument ("NI") 43-101 with respect to this announcement relating to the Merger Agreement. He has prepared and or supervised the preparation of the scientific or technical information in this AIF and confirms compliance with NI43-101.

Mr. Alfred John Gillman of Odessa Resources Pty Ltd, an independent qualified person experienced in the style of mineralisation at the Segilola Gold Project, has completed the resource statement for the Segilola Project as referred to in this AIF, including verification of the sampling, analytical and test data underlying the estimate. Verification also included a site visit, database validation of historical drill results and a review of sampling and assaying protocols. The qualified person was satisfied with all of the protocols used during the drilling, and sampling and in the Segilola resource estimate compilation and computation.

## **Financing**

As at 31 December, 2013, the Company had cash and cash equivalents of \$10,987,534.

The Company manages liquidity risk through maintaining sufficient cash, loan or credit terms with its suppliers to meet the operating requirements of the business and investing excess funds in highly liquid short term cash deposits. The Company's liquidity needs can likely be met through existing cash on hand. These will likely be sufficient to meet our necessary capital requirements, subject to the current forecast operating parameters being met.

## **Details/Disclosures**

As of 31 December, 2013, RTG had 12 full time employees, with 6 based in the corporate office in Perth and the remainder based in regional offices. Management considers the relationship between RTG and its employees as sound.

## **Risk Factors**

As a mining company, the Company faces the financial, operational, political and environmental risks inherent in the nature of its activities. These risks may affect the Company's profitability and level of operating cash flow. The Company also faces risks stemming from other factors, such as disputes with joint venture partners, changes in Government policies and representatives, fluctuations in of the adoption of new interpretations relating to gold prices, oil prices, interest rates, exchange rates, tax or royalty rates or the adoption of new interpretations relating thereto and financial market conditions in general. As a result, the securities of the Company must be considered speculative and in evaluating the securities of the Company, the following factors, amongst other things, should be considered.

### *Counterparty risk*

There is a general risk, which is higher in the current uncertain economic environment, that contracts and other arrangements to which RTG or any of its subsidiaries are party and obtain a benefit (such as sale, service and supply agreements) will not be performed by the relevant counterparties, including if those counterparties become insolvent or are otherwise unable to perform their obligations.

There are also specific risks in relation to:

- (i) The Share Sale Agreement for SML dated 26 August 2013 entered into between Zambian Mining Limited (as seller) and Elephant Copper (as buyer) in that Elephant Copper has failed to comply with its post completion obligations under the Share Sale Agreement by failing to repay the DHL Payment by 1 January 2014 or completing an IPO by 31 December 2013. There is a risk that Elephant Copper will not perform its post completion obligations under the Share Sale Agreement.
- (ii) The Share Sale and Purchase Agreement for SGL between Ratel Group (as seller) and SROL (as purchaser) in that the Share Sale and Purchase Agreement came into effect on 10 October 2013, but a revised completion date has not yet been agreed between the parties therefore SROL is in breach of the Share Sale and Purchase Agreement by having failed to pay the \$US1million Initial Consideration. There is a risk that SROL will not perform its completion and post completion obligations under the Share Sale and Purchase Agreement.

### *Litigation risks*

Legal proceedings may arise from time to time in the course of RTG's activities. There have been cases where the rights and privileges of mining and exploration companies have been the subject of litigation. The RTG Directors cannot preclude that such litigation may be brought against a member of RTG group in the future from time to time.

There are specific litigation risks in that members of the RTG group are involved, either directly or indirectly, in the following unresolved litigation, arbitration or disputes:

- i. As summarised in "General Development of the Business" Ratel Group has been joined as a party to arbitration and litigation proceeding concerning the Obuasi joint venture in Ghana following the announcement by Ratel Group on 3 November 2011 that it had terminated the share sale agreement to acquire CAML Ghana Limited. This litigation is ongoing and Ratel Group remains exposed to the outcome of this litigation.
- ii. As summarised in "General Development of the Business" arbitration proceedings and litigation between TML and SGL concerning SGL's percentage ownership interest in the Segilola Gold Project joint venture in Nigeria remain on foot. As does related litigation involving SROL concerning a purported termination of the Segilola Gold Project joint venture agreement between SGL and TML. If the Share Sale and Purchase Agreement completes, the RTG group will no longer be exposed to the litigation involving SROL, given this matter would become settled under an agreed Settlement Deed, and TML given RTG would no longer have an interest in SGL and exposure to this dispute. However, if the Share Sale and Purchase Agreement does not complete there is a risk RTG will remain exposed to the outcome of the arbitration and litigation involving TML and SGL.

- iii. A claim was made during September 2012 by GeoHydro Consulting Services Limited against TML and SGL for alleged damages to equipment and premature termination of a drilling contract. If the Share Sale and Purchase Agreement completes, the RTG Group will no longer be exposed to this claim given RTG would no longer have an interest in SGL. However, if the Share Sale and Purchase Agreement does not complete then RTG will remain exposed to the outcome of the arbitration and litigation involving TML and SGL.

#### *Political Risks*

RTG currently holds an interest in a gold exploration project in Nigeria, the Segilola Gold Project which is currently the subject to the Share Sale and Purchase Agreement, which may be considered to have high political and sovereign risk. Any material adverse changes in government policies or legislation of Nigeria or any other country that RTG has economic interests in that affect mineral exploration activities, may affect the Share Sale and Purchase Agreement and profitability of RTG.

#### *Exchange rate risk*

RTG will report its financial results and maintain its accounts in United States dollars. RTG's activities in Australia, Africa and Canada, as well as any future foreign countries make it subject to foreign currency fluctuations. RTG does not at present, nor does it plan in the future, to engage in foreign currency transactions to hedge exchange rate risks. There can be no assurance that RTG will not be materially and adversely affected thereby.

#### *Uncertainty of reserve and resource estimates*

RTG's figures for reserves and resources presented in its public documents filed by RTG on the SEDAR website are estimates based on limited information acquired through drilling and other sampling methods. No assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realised. The ore grade actually recovered may differ from the estimated grades of the reserves and resources. Such figures have been determined based upon assumed gold or copper prices and operating costs. Future production could differ dramatically from reserve estimates for, among others, the following reasons: mineralisation or formations could be different from those interpreted by drilling and sampling; increases in operating mining costs and processing costs could adversely affect reserves; the grade of the reserves may vary significantly from time to time and there is no assurance that any particular level of gold or copper may be recovered from the reserves; and declines in the market price of gold or copper may render the mining of some or all of the current reserves uneconomic. Any of these factors may require RTG to reduce its reserves estimates or increase its costs.

Resource estimates are expressions of judgment based on knowledge, experience and industry practice. Resource estimates are necessarily imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Should the Company encounter mineralisation or formations different from those predicted by past drilling, sampling and similar examinations, resource estimates may have to be adjusted and mining plans may have to be altered in a way which could adversely affect the Company's operations.

#### *Share market conditions*

In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies have experienced wide

fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that such fluctuations will not affect the price of RTG's shares. Neither RTG nor its directors warrant the future performance of the Company or any return on an investment in the Company.

*RTG does not expect to pay dividends on RTG Shares in the foreseeable future*

RTG has never paid cash dividends on RTG Shares. RTG may choose to retain some or all of its future earnings, if any, to fund the development and growth of its business, thus reducing or eliminating the payment of cash dividends on RTG Shares for the foreseeable future. The payment of any future dividends will depend upon earnings and RTG's financial condition, current and anticipated cash needs and such other factors as the RTG Board considers appropriate. As a result, shareholders may have to rely on capital appreciation, if any, to earn a return on investment in RTG Shares in the foreseeable future. Furthermore, RTG may in the future become subject to contractual restrictions on, or prohibitions against, the payment of dividends.

*Changes to tax environment*

As a company incorporated in BVI, should there be any changes in BVI tax law, in particular, if BVI imposes a dividend withholding tax regime, this could have an adverse cash impact on shareholders of RTG.

*Exploitation, exploration and mining licences*

Exploration and mining activities are dependent upon the grant of appropriate licences, concessions, leases, permits and regulatory consents, which may be withdrawn or made subject to limitations. There is no guarantee that, upon completion of any exploration, a mining licence will be granted with respect to exploration territory. There can also be no assurance that any exploration licence will be renewed or if so, on what terms. These licences place a range of past, current and future obligations on the Company. In some cases there could be adverse consequences for breach of these obligations, ranging from penalties to, in extreme cases, suspension or termination of the relevant licence or related contract.

In addition, there are risks attaching to exploration and mining operations in a developing country which are not necessarily present in a developed country. These include economic, social or political instability or change, hyperinflation, currency instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties as well as government control over mineral properties. Any future material adverse changes in government policies, representatives or legislation that affect foreign ownership, mineral exploration, development or mining activities, may affect the viability and profitability of Combined Group's or rights to title or tenure.

*Nature of mineral exploration and mining*

Mineral exploration and development is a speculative business, characterised by a number of significant uncertainties, these include failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration or mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the

costs of consumables, spare parts, plant and equipment, fire, explosions and other incidents beyond the control of the Company.

Unprofitable efforts may result not only from the failure to discover mineral deposits but also from finding mineral deposits that are insufficient in quantity and/or quality to return a profit from production. Even deposits that could be sufficient to provide a profit from production are not guaranteed to do so because management of the mining operation may fail to perform adequately. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors which are beyond the Company's control and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of mining facilities, mineral markets and processing equipment, and other factors such as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and metals, and environmental protection, a combination of which may result in the Company not receiving an adequate return on invested capital.

While the discovery of a mineral structure may result in substantial rewards, few properties that are explored are ultimately developed into economically viable operating mines. Major expenditures may be required to establish reserves by drilling, constructing, mining and processing facilities at a site, and it is possible that even preliminary due diligence will show adverse results, leading to the abandonment of projects. It is impossible to ensure that preliminary feasibility studies or full feasibility studies on the Company's projects or the current or proposed exploration programmes on any of the properties in respect of which the Company will have exploration rights will result in a profitable commercial mining operation.

The Company's operations are subject to all of the hazards and risks normally incidental to the exploration, development and production of precious metals and base metals, any of which activities could result in damage to life or property, environmental damage and possible legal liability for any or all such damage caused. The Company's activities may be subject to prolonged disruptions due to adverse weather conditions. Hazards, such as unusual or unexpected formations, rock bursts, pressures, cave-ins, flooding or other conditions may be encountered in the drilling and removal of material.

Development and operation of mines and production and processing facilities may also be affected by mechanical difficulties, operational errors, labour disputes, damage to or shortage of equipment, earthquakes, fires or other natural disasters, civil unrest, leaks or pollution. These events are largely beyond the control of the Company.

Whether a precious metal or a base metal deposit will be commercially viable depends on a number of factors, some of which are particular attributes of the deposit (such as its size and grade), proximity to infrastructure, financing costs and governmental regulations (including regulations relating to prices, taxes, royalties, infrastructure, land use, importing and exporting of precious metals or base metals and environmental protection). The effect of these factors cannot be accurately predicted.

Operations in countries like the Philippines may involve an exposure to security related issues such as rebel activity which may cause physical damage to property or other damage to the assets of the Company or employees and others. The basis for this activity may be personally motivated, or motivated by ideology or for commercial gain and the Company may have limited control over or warning (if any) of such actions. Such actions could have an adverse effect on the Company or perceptions thereof.

### *Payment obligations*

Under its exploration permits and licences and certain other contractual agreements to which the Company is or may in the future become party, the Company is or may become subject to payment and other obligations. In particular, permit holders are required to expend the funds necessary to meet the minimum work commitments attaching to the permits and licences. Failure to meet these work commitments will render the permit liable to be cancelled. Furthermore, failure to comply with any contractual obligations when due, in addition to any other remedies which may be available to other parties, could result in dilution or forfeiture of interests held by the Company.

### *Commercial risks of mineral exploration and extraction*

Even if the Company recovers quantities of minerals, there is a risk the Company will not achieve a commercial return. The Company may not be able to sell the minerals to customers at a price and quantity which would cover its operating and other costs.

The Company may be subject to all of the risks inherent in the establishment of a new mining operation with respect to the Company's mineral assets that in the future move to, the development phase. No assurances can be given to the level of viability that the Company's operations may achieve.

### *Commodity price volatility*

It is anticipated that any revenues derived from mining will primarily be derived from the sale of precious and base metals. Consequently, any future earnings are likely to be closely related to the price of these commodities and the terms of any off-take agreements which the Company enters into.

Metal prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include world demand for minerals and metals, forward selling by producers, and production cost levels in major mineral-producing regions.

Moreover, metal prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, the metal as well as general global economic conditions. These factors may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

### *Dependence on key personnel*

The Company will be reliant on a number of key personnel. The loss of one or more of its key personnel could have an adverse impact on the business of the Company.

Furthermore, it may be particularly difficult for the Company to attract and retain suitably qualified and experienced people, given the current high demand in the industry and relative size of the Company, compared with other industry participants.

### *Insurance*

While the Company may obtain insurance against certain risks in such amounts as it considers adequate, the nature of these risks are such that liabilities could exceed policy limits or that certain risks could be excluded from coverage. There are also risks against which the Company cannot insure or against which it may elect not to insure. The potential costs that could be associated with any liabilities not covered by insurance or in

excess of insurance coverage may cause substantial delays and require significant capital outlays, adversely affecting the Company's earnings and competitive position in the future and, potentially, its financial position. In addition, the potential costs that could be associated with compliance with applicable laws and regulations may also cause substantial delays and require significant capital outlays, adversely affecting the Company's earnings and competitive position in the future and, potentially, its financial position.

### *Competition*

The mining industry is intensely competitive in all of its phases and the Company will compete with many companies possessing greater financial and technical resources than the Company. Competition in the minerals and mining industry is primarily for mineral rich properties that can be developed and produced economically; the technical expertise to find, develop, and operate such properties; the labour to operate the properties; and the capital for the purpose of funding such properties. Many competitors not only explore for minerals, but conduct refining and marketing operations on a global basis. Such competition may result in the Company being unable to acquire desired properties, to recruit or retain qualified employees or to acquire the capital necessary to fund its operations and develop its properties. Existing or future competition in the mining industry could materially adversely affect the Company's prospects for mineral exploration and success in the future.

### *New projects and acquisitions*

The Company proposes to actively seek acquisitions that may add value. The acquisition of new business opportunities (whether completed or not) may require the payment of monies (as a deposit and/or exclusivity fee) after only limited due diligence and prior to the completion of comprehensive due diligence. There can be no guarantee that any proposed acquisition will be completed or be successful. If the proposed acquisition is not completed, monies already advanced may not be recoverable, which may have a material adverse effect on the Company.

If an acquisition is completed, the Board will need to re-assess, at that time, the funding allocated to current projects and new projects and/or the raising of additional capital (if available). Furthermore, notwithstanding that an acquisition may proceed upon the completion of due diligence, the usual risks associated with mining and exploration activities will remain.

### *Dilution*

The Company may require additional funds to fund its exploration and development programs and potential acquisitions. If the Company raises additional funding by issuing additional equity securities, such financing may substantially dilute the interests of RTG shareholders.

Furthermore, future RTG agreements may, and a number of RTG's existing agreements do, provide for additional issuances of RTG shares that may result in dilution to shareholders. Issuances of substantial amounts of RTG's securities, or the availability of such securities for sale, could adversely affect the prevailing market prices for RTG's securities. A decline in the market prices of RTG's securities could impair RTG's ability to raise additional capital through the sale of securities should it desire to do so.



### *Environmental risk*

The exploration for minerals, development of mines and production of metals can be hazardous to the environment and environmental damage may occur that is costly to remedy. If the Company is responsible for any environmental damage, then it may incur substantial remediation costs or liabilities to third parties.

The Company may be involved in operations that may be subject to environmental and safety regulation (including regular environmental impact assessments and permitting). This may include a wide variety of matters, such as prevention of waste, pollution and protection of the environment, labour regulations and worker safety. The regulations may change in a manner that may require stricter or additional standards than those currently in effect, a heightened degree of responsibility for companies and their directors and employees and more stringent enforcement of existing laws and regulations. There may also be unforeseen environmental liabilities resulting from exploration and development activities, which may be costly to remedy. In particular, the acceptable level of pollution and the potential clean-up costs and obligations and liability for toxic or hazardous substances for which the Company may become liable as a result of its activities may be impossible to assess against the current legal framework and current enforcement practices. There is no assurance that future changes in environmental regulation will not adversely affect the activities of the Company.

More specifically, the operations of the Company are subject to extensive environmental, health, and safety regulation relating to the safety and health of employees, the protection of air and water quality, hazardous waste management, and mine reclamation in the jurisdictions in which they operate. These regulations establish limits and conditions on the ability of a mining company to conduct its operations. The cost of compliance with these regulations can be significant. The regulatory environment could change in ways that would substantially increase its liability or the costs of compliance and that could have material effect on operations or financial position of the Company.

### **Risks Relating to the Proposed Merger**

Should the proposed merger with Sierra be completed, the Company will be exposed to the risks relating to Sierra's activities in the Philippines, including the following:

#### *Specific title risks*

The Company may be affected by a range of title risks associated with the Philippine tenements that Sierra has an interest in.

#### *Exploration in the Republic of the Philippines*

The Philippines is a developing country with a democratic system of government, and well established and expanding mining industries.

There are, however, risks attaching to exploration and mining operations in a developing country which are not necessarily present in a developed country. These include economic, social or political instability or change, security concerns, hyperinflation, currency non-convertibility or instability and changes of law effecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties and government control over mineral properties.

Any future material adverse changes in government policies or legislation in the Philippines that affect foreign ownership, mineral exploration, development or mining activities, may affect the viability and profitability of Sierra.

#### *Political risks*

The 1987 Philippine Constitution restored a Presidential-style republican government to the Philippines. The President heads the executive branch of government and can serve no more than a single 6-year term. While the Presidency commands great prestige and moral authority, executive powers are constrained by constitutional safeguards designed to avoid a repetition of Marcos-era excesses. Personality and patronage form the basis of the Philippines' political system, and the bureaucracy suffers from insufficient transparency. Demonstrations against incumbent governments are a feature of Filipino life and reflect voter disaffection.

From time to time, the New People's Army that is located near Sierra's mining tenements impose demands (by way of access fee or contribution) which can increase exploration risk. The Australian Department of Foreign Affairs maintains a travel advisory level of 'high degree of caution' for travel to the Philippines as a whole and a 'reconsider your need to travel' advice warning for Eastern Mindanao.

While Sierra will be operating exploration projects in Eastern Mindanao, its properties are not located in high risk areas and are considered safe from the activities of rebel groups.

#### *General title risks*

New mining legislation was introduced in the Philippines in 1995, which involved converting previous mineral tenements to the new title system. There are significant delays in the tenement approval process and some of the properties that Sierra will be exploring are still in the application stage. All companies investing in mineral exploration in the Philippines have to operate under similar conditions with the possibility of an application being rejected or challenged.

Moreover, the constitutionality of the fiscal regime between the Philippine government and mining investors in a Mineral Production Sharing Agreement under the Philippine Mining Act of 1995 is being assailed before the Philippine Supreme Court. It is alleged that under the current fiscal regime for Mineral Production Sharing Agreements, the State is not receiving its just share in the development, use and exploitation of natural resources. Should the petitioners in the aforementioned Supreme Court case prevail, it is possible that a new fiscal regime will be adopted, resulting in a greater government share.

#### *Land access*

Immediate access to mineral tenements in the Philippines cannot in all cases be guaranteed. In the Philippines, Sierra may be required to seek consent of land holders or other persons or groups with an interest in real property encompassed by, or adjacent to, Sierra's tenements. Compensation may be required to be paid by Sierra to land holders and occupiers so that Sierra may carry out exploration and/or mining activities. Native title exists in the Philippines and is governed by law. In the Philippines the free prior and informed consent of the affected indigenous groups have to be in place before a mineral tenement can be granted.

### *Risk factors relating to the operations of the combined RTG and Sierra group*

The combined group may not realise the benefits currently anticipated due to challenges associated with integrating the business operations, exploration activities, technology and personnel of RTG and Sierra. The success of the combined group will depend in large part on the success of management of the combined group in integrating the business operations, exploration activities, technologies and personnel of RTG and Sierra. The failure to achieve such integration could result in the failure of the combined group to realise any of the anticipated benefits of the merger and could impair the results of operations, profitability and financial results of the combined group. In addition, the overall integration of the business operations, exploration activities, technologies and personnel of RTG and Sierra may result in unanticipated operational problems, expenses, liabilities and diversion of management's attention.

### *The combined RTG and Sierra group may not realise the benefits of its growth projects*

As part of its strategy, the combined group will continue existing efforts and initiate new efforts to develop new mineral projects. There are a number of risks and uncertainties that are associated with the development of these types of projects described below. The failure to develop one or more of these initiatives successfully could have an adverse effect on the combined group's financial position and results of operations.

## **Common Risk Factors to RTG and Sierra**

### *Investment in publicly quoted securities*

Prospective investors should be aware that the value of RTG shares or options may go down as well as up and that the market price of RTG shares or options may not reflect the underlying value of RTG. Investors may therefore realise less than, or lose all of, their investment.

### *Potentially volatile share price and liquidity*

The share price of emerging companies quoted on ASX can be highly volatile and shareholdings illiquid. The price at which RTG shares and options are quoted and the price at which investors may realise their RTG shares or options may be influenced by a significant number of factors, some specific to RTG and its operations and some which affect quoted companies generally. These factors could include the performance of RTG, large purchases or sales of RTG shares or options, legislative changes and general, economic, political or regulatory conditions.

### *Market perception*

The market price of RTG shares and options could be subject to significant fluctuations due to a change in sentiment in the market following implementation of the Scheme. Any such fluctuations could result from national and global economic and financial conditions, the market's response to the merger, changes in metal prices, market perceptions of Sierra, regulatory changes affecting RTG's operations, variations in RTG's operating results, business developments of RTG companies or their competitors and liquidity of financial markets. The operating results and prospects of RTG from time to time may be below the expectations of market analysts and investors. Any of these events could result in a decline in the market price of RTG shares and options.

### *Economic Risk*

Changes in the general economic climate in which Sierra and RTG operate may adversely affect the financial performance of the combined group. Factors that may contribute to that general economic climate include the level of direct and indirect competition against the combined group, industrial disruption, the rate of growth of gross domestic product in Australia and the Philippines or any other country in which the combined group will operate, interest rates and the rate of inflation.

### *Changes in government policies and legislation*

Any material adverse changes in government policies or legislation of Australia and the Philippines or any other country where the combined group may acquire economic interests may affect the viability and profitability of the combined group.

### *Future capital needs and additional funding*

The future capital requirements of the Combined Group will depend on many factors including the results of future exploration and work programs. Should the combined group require additional funding there can be no assurance that additional financing will be available on acceptable terms, or at all. Any inability to obtain additional finance, if required, would have a material adverse effect on the combined group's business and its financial condition and performance. If the combined group is unable to secure capital through credit facilities or other arrangements, it may have to finance projects using equity financing which will have a dilutive effect on the combined group shares.

## **Current Projects**

### **The Segilola Gold Project**

In May 2007 SGL, entered into a joint venture with TML, to earn a 51% interest in the Segilola Gold Project in Nigeria. An initial maiden indicated resource estimate was declared for the Segilola Gold Project comprising 3,620,386 tonnes at a grade of 4.50g/t for 521,814 ounces of gold plus an inferred resource of 747,590 tonnes at a grade of 4.00g/t for 96,445 ounces of gold. The maiden resource was generated from a drilling campaign of 12,166 metres in 119 holes ranging in depth from 40 metres to 220 metres. The deposit lends itself to initial exploitation by open pit mining methods. The metallurgical characteristics of the ore are amenable to conventional CIL processing techniques.

As discussed in “*General Development of the Business*”, RTG has entered into an unconditional Share Sale and Purchase Agreement for the sale of its 51% interest in the Segilola Gold Project its joint venture partner, SROL.

### *Location, Accessibility, Local Resources, Infrastructure and Physiography*

The Segilola Gold Project is located at the villages of Iperindo and Odo Ijesha, near the city of Ilesha in Osun State, Nigeria. The project site is situated within 600m of a sealed road, 18km South of the regional centre Ilesha, the local government centre, with a population of 300,000, which is itself located on a sealed dual carriage way, 200km North East of Lagos (the principal international entry port and major commercial centre of Nigeria, estimated population, 16 million).

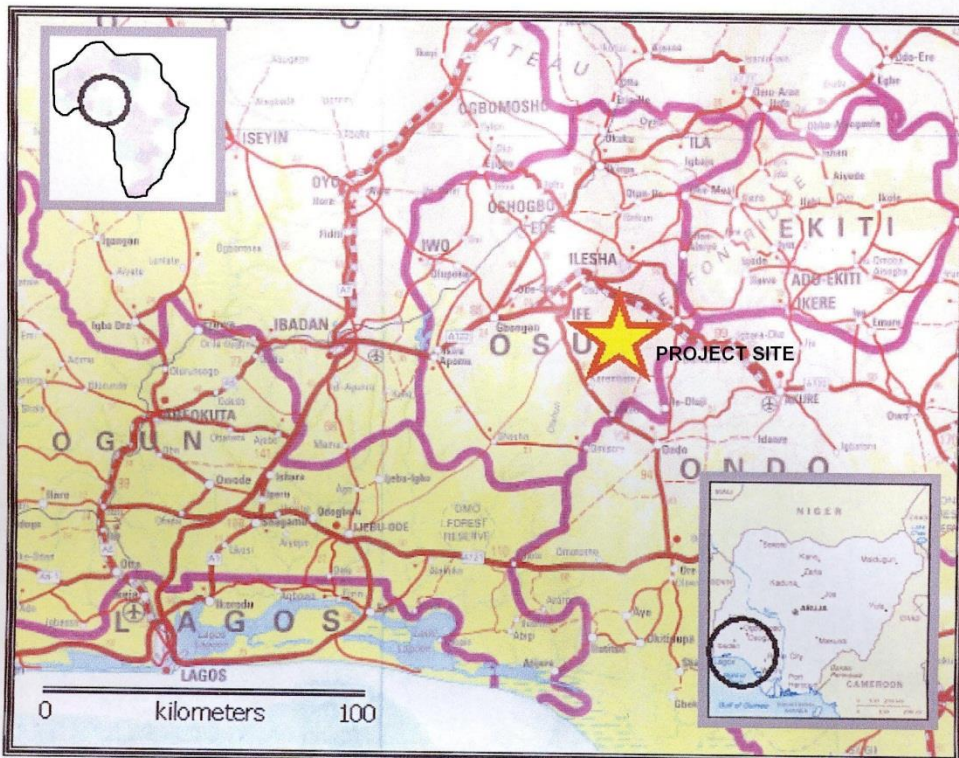
Nigeria has a well established petro-chemical industry based in the Niger River delta and the government of Nigeria, is now in its fourth term of democratic rule. The Nigerian Government has established the Ministry for Solid Minerals Development to administer all mineral assets occurring in Nigeria other than oil and natural gas.

The location of mining infrastructure and facilities such as plant, tailings dam and waste dumps will be located within the immediate vicinity of the resource and hence up to 2,000m from the nearest tenement boundary. An office, accommodation, core logging and sample preparation facility are all housed within a single secured compound on the outskirts of the town of Ilesha which is located approximately 18km north of the Segilola Gold Project area.

The general area topography is undulating with elevations ranging between 300m and 580m above mean sea level. Locally, north north-easterly striking steep valley incisions are developed. Within the exploration permit area the topography shows a generally slope towards the south. The lowest levels in the permit areas are within the area of the village Iperindo. The topographic relief within the nearer Segilola Gold Project deposit area of Exploration Licence (“EL”) 39 is gently undulating with 30m range in elevation. Vegetation types of the area comprise mainly of cash crop plantations (kola nuts, cocoa, banana/plantain) together with secondary forests and bush fallows.

### History

Between 1984 and 1987 the Nigerian Mining Corporation completed 33 diamond holes along the strike length of the lode. In 1996, Hansa GeoMin negotiated and signed agreements with TML and Pineridge Nigeria Ltd for a joint-venture based on the exploration and the development of five Exclusive Prospecting Licences (EPL) and one Mining Lease (ML). The EPLs cover the known gold deposits of Ilesha-Iperindo and neighbouring areas. The rediscovered Ilesha-Iperindo lode gold deposit was renamed as Segilola. Between 1997 and 1999 Hansa GeoMin drilled seven diamond holes. Hansa GeoMin started core drilling on the property in February 1998. The core drilling program totalling 895m was completed in September 1998.



**Figure 1:**  
South Western Nigeria including Segilola Project Site

## *Licences*

The project is the subject of Mining Lease (ML 41) that covers an area of 1,620 hectares or approximately 16.2km<sup>2</sup> and is wholly contained within EL 39 covering 2,700 hectares or 27km<sup>2</sup>.

ML 41 is valid until 28 September 2017 and is renewable for another term of 25 years. The previous ML 41 covered only a portion of the mineralisation with the balance located within the surrounding EL 39. An application to enlarge the existing ML 41 to encompass all of the mineralisation, infrastructure and utilities was lodged in January 2010 with the Federal Ministry of Mines and Steel Development, Mining Cadastre Office. Approval of this enlargement application was granted by the Mining Cadastre Office.

## *Environmental*

During the June 2009 quarter, the final copy of the Baseline Environmental Study was released by Fugro Nigeria Limited ("Fugro") and there are no known environmental issues currently associated with the licence areas. Following on from this, an environmental impact assessment has been carried out and was submitted in April 2010 for approval by the Federal Ministry of Environment, the process is ongoing. The final revised study carried out by Fugro, Nigeria on behalf of the Joint Venture partners (TML) was submitted by Segilola Gold Limited, the Manager of the Joint Venture tenement, ML 41 within the required time frame. This has been accepted in March 2012 subject to further discussions and agreements with the local community within the project area. A preliminary agreement has been included within the revised Environmental Impact Assessment ("EIA").

### *Exploration Licence 1635EL*

Exploration Licence 1635EL was granted by the Ministry of Mines and Steel Development during the 2007 year. The licence had an area of 200 square kilometers centered on the town of Ijebu – Igbo Ogun State.

An initial work program was undertaken during 2008 and 2009 with sampling and assay results showing very low grades of mineralisation. As a result, the Company did not re-validate the licence and accordingly, the Ministry of Mines and Steel Development revoked the licence.

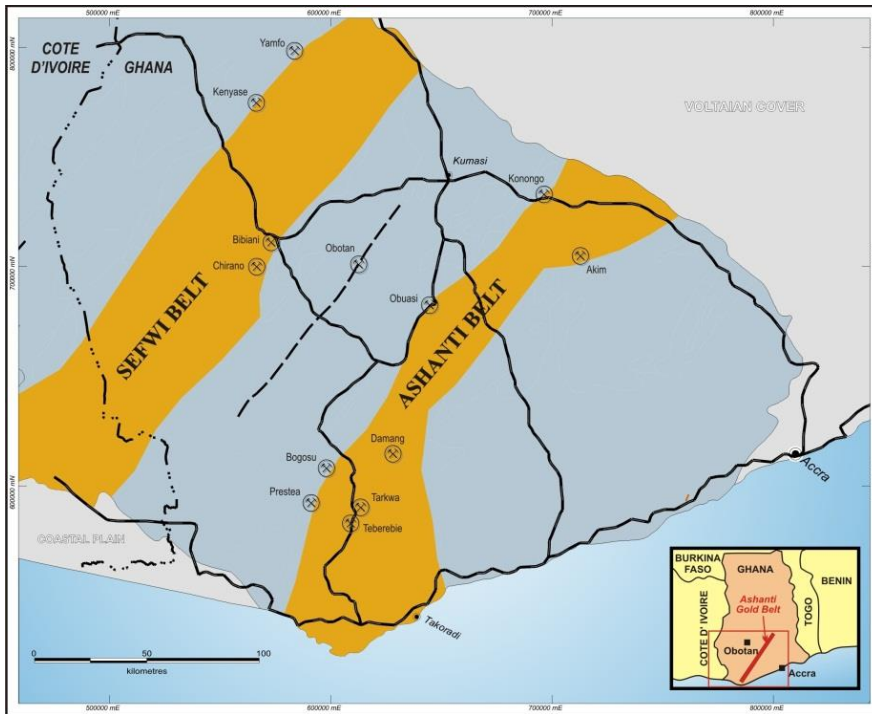
## *Geology*

The geological setting is described as typically Achaean greenstone. The known mineralised zone extends over an identified strike length of approximately 2,000m. The gold mineralisation is in the form of quartzite veins. The veins are invariably steeply dipping and are commonly associated with fractures and shear zones. What is commonly called the Iperendo reef is not one vein but comprises a vein system of several parallel-silicified zones within the Ile-Ife-Ilesha schist belt.

The gold mineralisation is known to be closely linked to silification and phyllic alteration, and to occur together with pyrite and molybdenite. The gold mineralisation is bound to the vein sections and to the altered wall rocks thus forming a drillcore indicated ore body with a thickness between 5m and 28m (average true intersection width of 5.86m). The gold contents change along strike as well in dip, grades encountered in the cores vary between <1g/t and 136g/t.

The concentration of the gold in quartz veins and silicified zones along major faults and fracture zones is attributed to the Pan Africa thermotectonic event. The major fractures and shear zones, most with an overall NNE-SSW trend appear to be a feature of the

region. The regional setting is very similar to the Ashanti and Sefwi systems in nearby Ghana, which have hosted gold production in excess of 20 million ounces.



**Figure 2:** Southern Ghana Indicating the Two Gold Bearing Belts Similar to South Western Nigeria

Previously completed works by Hansa Geomin, a German resource engineering company, at the site include the following:

- Landsat TM imagery and aerial photography;
- Geological mapping (Scale 1:12500;
- 1500 soil samples analysed for gold;
- 520m of costeaning;
- 100m of exploration adit;
- 400km ground magnetics;
- 10km radiometrics; and
- 2800m of diamond drilling. Holes were spaced 30m apart logged and sampled/analysed in 1m intervals.

### *Mineralisation*

The mineralized lodes generally comprise highly silicified fine-grained foliated biotite gneiss typically intruded by both discordant and concordant pegmatitic quartz-feldspar veins. Minor sulphides, typically pyrite, are associated with the lode. Macroscopic observations show that sulphide grains and blebs are often aligned with foliation, commonly following either biotite-rich laminae or near pegmatite boundaries. There is also, however, a common generation of pyrite occurring along fractures or as quartz-pyrite tension gashes, highly discordant to the foliation. These either relate to a late episode of mineralisation, or to remobilization of sulphides. Visible gold is commonly noted as occurring both in altered wall rock (usually gneiss) and in quartzfeldspar veins

### *Exploration and Sampling*

The bulk of the recent exploration activities undertaken on the site comprise diamond drilling. In addition to the drilling, soil geochemical and trench sampling was also completed. The soil geochemical program was designed to assess the broader potential of the known mineralized structure while the trenching was carried out over the known mineralized strike length in order to gain a better understanding of the geology to enable effective drill placement. A total of 531 samples were collected on thirteen east-west oriented 100m to 200m spaced lines with sampling on 20m-spaced points along each line. The soil geochemical program covered the known mineralized strike together with a 700m extension to the north. Anomalous values are reported to occur and require further follow up. This area has yet to be drill tested. The data suggest that there is potential for the mineralised structure to extend further north within the limits of the tenement boundary. Both programs were conducted by SGL.

Prior to dispatch of core samples, the diamond drill core is stored at SGL's exploration office in Ilesha. The office and sampling facilities are located within a single, walled compound which has a gated entrance manned continuously by a security guard. Once samples have been finalised for dispatch these are securely packed onto an independently owned and operated vehicle by the SGL technicians under the supervision of Ratel Group geologists. The samples are driven by SGL's personnel directly to Lagos and then transported on to SGS, Tarkwa, in Ghana.

### *Survey*

The topographic survey was completed by Sphero Grid Surveys of Osogbo, Osun State. A further and most recent survey was completed by qualified surveyors from Ghana.

### *Diamond Drilling*

The maiden resource for the Segilola Gold Project has been generated from a drilling campaign of 11,989.5 metres in 119 holes using diamond coring, ranging in depth from 40 metres to 220 metres. The drill holes were logged and sampled and assay results received from SGS Laboratory Services GH Ltd, Ghana ("SGS").

Significant high grade drilling results in the first programme of drilling included:

4.5m @ 22.47g/t including 1.4m @ 57.95g/t  
5.7m @ 25.15m including 3.85m @ 35.20g/t and 1.85m @ 56.61g/t  
10.7m @ 6.55g/t including 2.2m @ 20.49g/t  
4.0m @ 7.9g/t including 0.9m @ 28.80g/t  
3.4m @ 21.73g/t  
3.0m @ 42.51g/t

A further drilling programme was undertaken at the project from July 2011 to December 2011, with a preliminary program for additional drilling formulated to test the depth extent of the interpreted plunge to the South of the known limits of gold mineralisation. A drilling contractor from Zambia was contracted to carry out the diamond drilling programme. The drill exercise was designed to test:

1. the down dip extent of the known auriferous mineralisation, firstly to the economic limit of the proposed open pit mine;
2. the southern extension and strike extent of the mineralised zone up to such point that is determined by the currently inaccessible zone surrounding the nearby Iperindo village; and



3. the extent of an interpreted Southerly plunge of the mineralised zone beneath the Iperindo village and to further determine the applicability of underground mining.

The outcome was positive and indicated that the resource continues along strike to the south and is open ended at depth. The latest drilling exercise, finalized in the 2012 financial year, further confirmed a total strike length of the ore zone of just over 2,000m. Drilling in the southern portion was discontinued due to the presence of villages. Professional survey consultants were contracted to survey all of the drill boreholes including old workings and some of the streams within the project area

Significant high grade drilling results from the second stage of drilling included:

4.8m @ 2.55g/t  
1.6m @ 32.79g/t  
4.4m @ 2.07g/t  
8.0m @ 2.32g/t

### Assays

All sample preparation and analyses were undertaken by SGS in Tarkwa, Ghana which meets the ISO9001:2000 requirements and is an internationally accredited laboratory. The initial internal laboratory quality control procedures involved the analysis of 691 (12%) duplicates (AuR) of which 128 received a second check (AuS). A total of 6,191 gold (Au) and silver (Ag) analyses were reported. Only Au was used in the resource estimation. A plot of gold grade (>1.0g/t) versus silver and the base metal suite did not reveal any correlation between these elements and hence neither Ag nor Cu, Pb and Zn were modeled.

Check assays of drill core pulp samples were carried out by Genalysis Laboratory Ghana ("Genalysis") at their assay laboratory in Tarkwa, Ghana. Results from SGS and Genalysis compare favourably. The internal laboratory quality control for the last 36 boreholes (2011 diamond drill holes SGD120 to SGD154) involved the analysis of 151 (8%) duplicates out of a total number of 1,812 assays.

SGL has adopted a thorough QAQC sampling procedure that ensures assay and density data quality. The chain of custody as currently set up, minimises any unwarranted handling and contamination of the samples.

### *Metallurgical Testing*

Preliminary physical and leach tests completed during the 2009 year on 7 composite samples recovered from 37 ore intersections in 27 diamond drill holes located across the complete mineralised zone. Initial results indicate in excess of 95% gold recovery at a grind of P80. 106 microns.

A composited sample of drill core from areas within the orebody selectively chosen so as to represent the run of mine grade was prepared and sent to Ammtec Laboratories in Perth ("Ammtec"). The purpose of this analysis was to ensure that the sampling and testwork previously carried out on individual samples from various mineralised intersections within the mineralisation truly represents the orebody and the plant design specifications. The results from Ammtec clearly demonstrated that the physical characteristics and leach time allowances in the process plant design are appropriate.

### *Process Plant Flowsheet and Design*

Experienced mine design consultants were commissioned to develop a suitable, simple process plant flowsheet and to undertake the engineering work required to finalise process plant design to a standard whereby capital and operating costs can be determined to the required level of accuracy. This was completed in the 2010 year for a standard primary crusher, single stage Semi Autogenous (“SAG”) grinding circuit followed by CIL and gold recovery circuit. The design, capital cost and operating cost estimates have been completed.

### *Tailings Storage Facility (“TSF”) and Water Storage Dam (“WSD”)*

Preliminary design work for the TSF and WSD was commenced by DE Cooper and Associates in late 2009 and was completed in early 2010. DE Cooper and Associates has calculated the columns of earth to be moved and the capital and operating cost estimates. To secure a reliable, consistent water supply it will be necessary to dam a local creek located 1 kilometre east of the mineralised zone.

### *Mine Design and Reserves*

An independent Perth based Mining Engineer undertook the design of an initial open pit mine followed by underground exploitation of the deeper sources should they eventuate. The location of suitable waste dumping sites has been determined.

### *Resource Statement*

The classified Mineral Resource statement was prepared by Odessa Resources for the Segilola deposit. The summarised resource report for all mineralised zones combined is given in Table 1 below at a gold cut-off grade of 0.5 g/t Au and subdivided into resource categories. A lower reporting cut-off grade of 0.5g/tAu is considered to be reasonable taking into account economic mining cut off grades applied to similar open pit operations with on-site treatment facilities and haulage distances of less than 1km.

<b>Indicated Resources</b>		
<b>Tonnes</b>	<b>Grade (g/tAu)</b>	<b>Ounces (Au)</b>
3,620,386	4.5	521,814

<b>Inferred Resources</b>		
<b>Tonnes</b>	<b>Grade (g/tAu)</b>	<b>Ounces (Au)</b>
747,590	4.0	96,445

**Table 1:** Segilola Classified Mineral Resource Estimate (0.5g/tAu cut off)

The constraining resource geometry is defined by a nominal grade cut off of 0.5g/tAu. The effect of reporting the resource above a 0.5g/tAu cu off is to exclude the internal dilution which would most likely be mined as part of the overall resource.

## Feasibility Study

A feasibility study which was commenced in 2009 by SGL has been delivered to TML. A further diamond drilling programme was carried out from July to December 2011 where an additional 36 holes totalling 3,704 metres were drilled. The rationale for this phase of drilling was to test the southern extension of gold mineralisation for a further 400m from the open southern end of the previous drilling programme. The results were positive and indicate that the resource continues along strike to the south and is open ended at depth. The latest drilling exercise further confirmed a total strike length of the ore zone of just over 2,000 metres. Drilling in the southern portion was discontinued due to the presence of villages. Professional survey consultants were contracted to survey all of the drill boreholes including old workings and some of the streams within the project area. All resource estimates were carried out in accordance with the Australian Code for the Reporting of Mineral Resource and Mineral Reserves - JORC Code 2004 and the Canadian NI43-101 requirements.

Following this drilling programme a Revised Bankable Feasibility Statement (Revised BFS) was prepared on the same basis as the 2009 feasibility study. This was delivered to TML on 30 March 2012.

The information on the Segilola Gold Project in this AIF is partly based on the scientific and technical data in the technical report titled "Resource Estimate for the Segilola Gold Deposit, Osun State, Nigeria for Ratel Group Limited" dated December 2, 2010 prepared for the Company by Alfred Gillman, FAusIMM, CP, a qualified person under NI 43-101. The report is available on under the Company's profile on SEDAR ([www.sedar.com](http://www.sedar.com)).

#### 4. Events Subsequent to 31 December, 2013

As discussed in "General Development of the Business", On 24 February 2014, RTG announced it had entered into the Merger Agreement with Sierra to combine the two companies.

Indicative timing for implementation of the merger is as follows:

Event	Target Date
Court hearing to approve scheme booklet	early April 2014
RTG Circular sent to RTG shareholders	mid April 2014
Scheme booklet sent to Sierra shareholders and optionholders	mid April 2014
RTG shareholders meeting	mid May 2014
Sierra shareholders meeting and optionholders meeting	mid May 2014
Court hearing to approve merger and option scheme	late May 2014
Merger and option scheme become effective	late May 2014
Sierra shareholder and optionholders receive RTG shares and options	early June 2014
RTG listed on ASX	early June 2014

Additionally, post year end RTG announced it has entered into a sale agreement for its interest in the Segilola Gold Project in Nigeria to the current joint venture partner for a total consideration of US\$14M, with US\$1M due on completion, US\$5M due in 18 months after completion and a 3% net smelter royalty, under which up to a maximum of US\$8M may be paid to RTG. The sale also resolves the existing dispute with the current joint venture partner. Completion is anticipated in the next couple of months.

## **5. Dividends**

The Company does not anticipate that it will pay dividends in the foreseeable future. The declaration of dividends on the share capital of the Company is within the discretion of the Company's board of directors and will depend on their assessment of, among other factors, earnings, capital requirements and the operating and financial condition of the Company. At the present time, the Company is not in operating phase, hence has not currently declared a profit from which to distribute dividends from.

## **6. Description of the Capital Structure**

The Company is authorised to issue an unlimited number of shares, of which 326,538,643 are issued and outstanding as at the date of this AIF. Each share entitles the holder to one vote. All shares of the Company rank equally as to dividends, voting powers and participation in assets. The Company also has in place a Loan Funded Share Plan which allows the Company to issue shares of up to 10% of the Company's issued and outstanding Shares from time to time on a non-diluted basis, to eligible directors and employees. There are currently 14,000,000 shares on issue under this plan.

Under the merger, the Company will acquire all Sierra shares and all Sierra options and will issue as consideration: (a) to eligible shareholders of Sierra, 3 New RTG ordinary shares for each Sierra share held and 1 New RTG option for every 3 Sierra shares held; and (b) to eligible optionholders of Sierra, 2 New RTG shares for each Sierra option held and 2 New RTG options for every 9 Sierra options held. In addition, Sierra has certain unlisted options outstanding and the Company proposes to acquire these unlisted options by private agreement on terms that reflect the acquisition price for Sierra shares. Based on the February 21, 2014 closing price of RTG Shares on the TSX (the last TSX trading day before the announcement of the merger) of \$0.095, the implied value of the consideration is \$0.30 per Sierra share, representing a premium of 27.4% to the 30-day volume weighted average trading price of Sierra's share price and based on the 30-day volume weighted average trading price of an RTG share, prior to the announcement of the merger.

As of the date of this AIF, there are 326,538,643 RTG shares issued and outstanding and nil convertible securities of RTG outstanding. Pursuant to the terms of the merger Agreement, RTG expects to issue approximately 773,132,492 additional RTG Shares and approximately 85,594,968 new RTG options to Sierra security holders, and 85,594,968 option shares underlying the new RTG Options (all on a pre-consolidation basis).

## **7. Market for Securities**

The shares of the Company are listed for trading on the TSX under the trading symbol "RTG". RTG Shares began trading on the TSX under the former symbol for the Ratel Shares, "RTG", effective as of the open of markets on April 15, 2013.

## Trading Price and Volume

The following table outlines the volume, high and low prices of the ordinary shares of RTG Mining on the TSX on a monthly basis from January 1, 2013 through to December 31, 2013.

Year	Month	High (C\$)	Low (C\$)	Close (\$C)	Volume (No of RTG Shares)
2013	December	\$0.08	\$0.06	\$0.08	42,197
2013	November	\$0.10	\$0.06	\$0.07	49,148
2013	October	\$0.10	\$0.05	\$0.11	218,456
2013	September	\$0.13	\$0.09	\$0.10	41,600
2013	August	\$0.11	\$0.10	\$0.11	188,075
2013	July	\$0.12	\$0.07	\$0.10	25,062
2013	June	\$0.14	\$0.10	\$0.10	142,900
2013	May	\$0.14	\$0.14	\$0.14	7,600
2013	April	\$0.15	\$0.14	\$0.14	61,700
2013 <sup>1</sup>	March	\$0.16	\$0.14	\$0.15	11,900
2013 <sup>1</sup>	February	\$0.16	\$0.14	\$0.15	243,700
2013 <sup>1</sup>	January	\$0.18	\$0.16	\$0.16	55,600

<sup>1</sup>These figures are for Ratel Group.

## 8. Escrowed Securities

There are currently no securities under escrow arrangements.

## 9. Directors and Officers

The following table indicates the names of the current directors and officers of the Company, place of residence, position within the Company, principal occupations within the 5 preceding years, periods which each has served as a director or officer and the number of shares beneficially owned, or controlled and directed, directly or indirectly, by the directors and executive officers as at September 27, 2013. The term of office of each of the directors of the Company expires at the Company's next annual general meeting of shareholders.

<b>Nominee Name, Position and Place of Residence</b>	<b>Principal Occupation</b>	<b>Period as a Director</b>	<b>RTG Shares Beneficially Owned Directly or Indirectly<sup>(1)</sup></b>
<b>Mr. Michael Carrick</b> Director and Chairman Perth, Western Australia	Director and Chairman of RTG Mining Inc. Currently also serving as a Director B2Gold Limited (since January 2013). Previously Director and CEO of CGA Mining Limited and Director of RTG Limited and Director of RTG Mining Limited.	March 28, 2013 to present	5,277,334 <sup>(2) (3)(4)</sup>
<b>Miss Justine Magee</b> Director and Chief Executive Officer Perth, Western Australia	Director and CEO of RTG Mining Inc. Previously Director and CFO of CGA Mining Limited.	March 28, 2013 to present	3,454,044
<b>Mr. Robert Scott<sup>(1)</sup></b> Independent Director and Audit Committee Chair Perth, Western Australia	Non-Executive Director (RTG), former Non-Executive Director of CGA Mining Limited. Currently holds directorships on Sandfire Resources NL, Lonestar Resources Limited, Homeloans Limited and is Chair of Manas Resources Limited.	March 28, 2013 to present	807,700
<b>Mr. David Cruse<sup>(1)</sup></b> Independent Director Perth, Western Australia	Non-Executive Director (RTG), former Non-Executive Director of CGA Mining Limited, current director of Odyssey Energy Limited	March 28, 2013 to present	1,365,400
<b>Mr. Phillip Lockyer<sup>(1)</sup></b> Independent Director Perth, Western Australia	Non-Executive Director (RTG), former Non-Executive Director of CGA Mining Limited, Focus Minerals Limited, Perilya Limited and St Barbara Limited and currently holds directorships on Swick Mining Services Limited and Western Desert Resources Limited.	March 28, 2013 to present	653,850
<b>Mr. Mark Tuner</b> Chief Operating Officer Perth, Western Australia	Chief Operating Officer	March 28, 2013	2,500,000
<b>Ms. Hannah Hudson</b> Company Secretary and Chief Financial Officer Perth, Western Australia	CFO and Company Secretary	March 28, 2013 to present	1,541,664

(1) Member of Audit Committee

(2) 138,888 held beneficially by Dureg Pty Ltd

(3) 277,770 held beneficially by Castlesprings Pty Ltd

(4) Includes 1,860,676 shares held by Mountainside Investments Pty Ltd. Mr Carrick is a director of this company but has no beneficial interest in these shares.

As of the date of this AIF, approximately 15,446,142 shares of the Company were beneficially owned, or controlled or directed, directly or indirectly, by the directors and officers of the Company as a group, representing approximately, 4.7% of the issued and outstanding shares of the Company on a non-diluted basis.

To the knowledge of the Company, no director or executive officer of the Company is, as at the date of this AIF, or has been in the last 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company (including the Company), that:

- (a) While that person was acting in that capacity, was subject to a cease trade order or similar order or an order that denied the issuer access to any exemptions under Canadian securities legislation, that was in effect for a period of more than 30 consecutive days; or
- (b) was subject to a cease trade order or similar order or an order that denied the issuer access to any exemptions under Canadian securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after that person ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

To the knowledge of the Company, no director or executive officer or shareholder holding a sufficient number of securities of the Company to materially affect the control of the Company:

- (a) is, as at the date of this AIF, or has been within the 10 years before the date of this AIF, a director or executive officer of any company (including the Company) that while that person was acting in that capacity, or within a year of that person ceasing to act in the capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the 10 years before the date of this AIF become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become 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 the director, executive officer or shareholder.

## **10. Legal Proceedings and Regulatory Actions**

### **Segilola Gold Project Disputes**

The sale of RTG's interest in the Segilola Gold Project, as summarised in section 2, will resolve the existing dispute with TML described below given upon completion of the sale RTG will have no further interest or liability in relation to the Segilola Gold Project, other than as specifically provided for under the Share Sale and Purchase Agreement. A summary of the background and status of the dispute is set out below.

SGL and TML executed a Joint Venture Agreement in May 2007 granting SGL the right to exercise options to acquire a 51% interest in the mineral tenements the subject of the Segilola Gold Project upon achieving or satisfying defined milestones.

On 30 March 2012, SGL exercised the third and final option lifting its percentage interest in the mineral tenements from 38% to 51%. TML has refused to accept that SGL validly exercised this option. On 18 May 2012, SGL gave TML a notice of dispute advising of its intention to refer the dispute to arbitration under the Joint Venture Agreement and to seek a declaration that SGL is the holder of a 51% interest in the mineral tenements the subject of the Segilola Gold Project ("Notice of Arbitration").

On 18 June 2012, TML was granted interim orders in the Federal High Court of Nigeria restraining SGL from proceeding further with the arbitration or commencing a new arbitration until the hearing and determination of TML's motion. On 27 June 2012, SGL consented to orders that SGL not proceed further with the arbitration the subject of the Notice of Arbitration. The remaining issue in dispute is in relation to orders sought by TML that SGL is required to pay TML's legal fees to defend its interest in response to the Notice of Arbitration before it may re-commence the arbitration process under the Joint Venture Agreement.

If, as RTG anticipates, the costs orders sought by TML are not granted by the Federal High Court of Nigeria and the sale of SGL to SROL, as previously referred to, has not been completed, SGL intends to immediately re-commence the process under the Joint Venture Agreement to ultimately refer the dispute as to its ownership of a 51% interest in the mineral tenements the subject of the Segilola Gold Project to arbitration in London. If SGL is unsuccessful in its ownership claim it may be found to have forfeited the 38% interest it had earned.

The Segilola sale transaction also provides for the settlement of the related disputes in relation to the Segilola Gold Project between Ratel, SGL, TML, SROL, NGML, Bakrie Delano Africa Limited, NGM Resources Limited and Mr Oladipo Delano under the terms of an agreed Settlement Deed. The disputes concern a purported termination of the Joint Venture Agreement. This includes the settlement of the injunctive proceedings brought by SGL before the Federal High Court of Nigeria and the interim injunction issued against SGL by the Federal High Court of Nigeria dated 18 June 2012. On the Completion Date of the Segilola sale transaction, signed counterparts of the Settlement Deed will be released from escrow and come into effect. As a result each of the injunctive proceedings will be discontinued with no order as to costs and each party will bear their own costs.

### **Ghanaian Dispute**

In 2010 Ratel entered into an acquisition agreement to purchase all the shares in CAML Ghana Limited ("CAML Ghana"). CAML Ghana is an unrelated entity to Ratel Group. CAML Ghana and Westchester Resources Limited ("Westchester") are participants in a gold exploration project in Ghana pursuant to the Obuasi Prospecting Farmin and Joint Venture Agreement.

The acquisition agreement was conditional upon the approval of the transaction by the relevant Ghanaian Minister. Ministerial approval was not obtained, and on 3 November 2011 Ratel Group announced that the Obuasi Prospecting Farmin and Joint Venture Agreement had been terminated. Westchester issued proceedings in Ghana against a number of parties, including Ratel in February 2012, which are considered both unsubstantiated and without foundation (the "Proceedings").

CAML Ghana had the Proceedings stayed following an order from the London Court of Arbitration in April 2012 in the context of arbitration proceedings launched against Westchester by CAML Ghana. On its application, Ratel Group has been joined as a party to the arbitration. On 27 November 2012, on the application of Westchester, the High Court of Ghana set aside that stay order. CAML Ghana has appealed that decision and in February 2013 the Proceedings were stayed pending the outcome of that appeal. A hearing took place before the Court of Appeal on 4 March 2014. The Court of Appeal has adjourned the matter until 5 June 2014 for judgement.

In July 2013 a hearing took place in the arbitration before the Arbitral Tribunal in London. The Arbitral Tribunal delivered its award on all matters of liability in September 2013,



finding in favour of CAML Ghana on all points and ordering Westchester to pay to CAML Ghana US\$940,000 in damages and costs.

On 14 November 2013, CAML Ghana filed a petition in the United States District Court for the Southern District of New York seeking to confirm the Arbitration Award and to obtain an anti-suit injunction in relation to the Proceedings. Ratel Group is a co-petitioner. Westchester is opposing the petition. A hearing took place on 24 March 2014. The matter has been adjourned without a new date being set.

## **11. Conflicts of Interest**

Certain of the proposed directors of the Company are also directors, officers or shareholders of other companies. Such associations may give rise to conflicts of interest from time to time. The directors of the Company will be required to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or opportunity of the Company. If a conflict arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the director will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

## **12. Interest of Management and Others in Material Transactions**

As at the date of this AIF, the Hains family owns approximately 18.8% of the issued capital in the Company and B2Gold Limited, through its ownership of CGA Mining Limited, retains an approximate 18.2% interest in RTG

Other than B2Gold and the Hains Family, no director or executive officer of the Company, no person or company that beneficially owns or controls or directs, directly or indirectly, more than 10% of the Company's shares, and no associate or affiliate of the foregoing persons, has or had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect the Company.

## **13. Transfer Agents and Registrars**

The transfer agent and registrar for the Company are:

Computershare Trust Company of Canada  
100 University Avenue  
8<sup>th</sup> Floor  
Toronto ON M5J 2Y1  
Telephone: +1 (416) 263 9482  
Facsimile: +1 (416) 981 9800

## **14. Material Contracts**

RTG or its subsidiaries have entered into and are currently party to the following contracts which may reasonably be regarded as material:

### **(i) Office Lease**

An agreement dated 28 May 2013 was executed between RTG and Joint Property Ownership Pty Ltd for the lease of office premises at Part Level 2, 338 Barker Road,

Subiaco, Western Australia. This lease covers a 3 year period expiring 30 June 2016, with an option to renew for a further 3 years.

## **(ii) Scheme Implementation Deed**

The Company entered into the Merger Agreement with Sierra Mining Limited dated February 24, 2014 to combine the two companies at an agreed exchange ratio of:

- 3 RTG shares for each Sierra share held; plus
- 1 RTG option for every 3 Sierra shares held.

The RTG options will be exercisable for a period of three years at an exercise price of C\$0.15.

This consideration represents:

- approximately A\$0.301 (C\$0.30) per Sierra share (based on the closing share price for RTG on TSX on 21 February 2014, and the Black-Scholes option pricing model based on Sierra's 12 month volatility, and the exchange rate on 21 February 2014 of CAD:AUD 1.005);
- a premium of 27.4% to the 30 day VWAP of the Sierra share price based on the 30 day VWAP of the RTG share price; and
- a premium of 15.9% to the closing price of Sierra shares of A\$0.26 on 21 February 2014 (being the date prior to the announcement).

The merger will be implemented by way of Scheme of Arrangement between Sierra and its shareholders under the Australian Corporations Act 2001. RTG will also seek a listing on the ASX (in addition to its current TSX listing) as part of the transaction.

The merger is conditional upon approvals from Sierra shareholders, RTG shareholders and the Australian Court as well as necessary regulatory approvals and other customary conditions (see Merger Agreement for more details). A copy of the Merger Agreement has been filed on sedar.com.

RTG is currently expecting to send a circular to shareholders in early April 2014, with a shareholders meeting to approve the share and option issuances under the merger, along with other matters, to be held in early May 2014.

## **(iii) Share Sale and Purchase Agreement**

Ratel Group and SROL have entered into an unconditional Share Sale and Purchase Agreement for the sale of RTG's 51% interest in the Segilola Gold Project in Nigeria for approximately US\$14 million and as part of the sale process, settle all outstanding disputes between the parties. Under the unconditional Share Sale and Purchase Agreement the total consideration to be received by RTG for the sale of its 51% interest in the Segilola Gold Project is US\$14 million payable by SROL as follows:

- i. A cash amount of US\$1 million which is receivable through the assignment of a shareholder debt (the "Initial Consideration"). The Initial Consideration is payable to RTG on the Completion Date (defined below);
- ii. A cash amount of US\$5 million. This amount is payable to RTG 18 months after the Completion Date; and

- iii. SROL shall pay RTG a royalty equal to 3% of the Net Smelter Return up to a maximum of US\$8 million in respect of all products that are mined on, produced from or otherwise originate from the Segilola Gold Project following the commencement of commercial operations.

The Share Sale and Purchase Agreement and Royalty Agreement between SROL and Ratel Group have been executed by the relevant parties and became enforceable in accordance with their terms on 10 October 2013.

Although CGX and Ron Clarke owned the shares in SGL, the purchase price under the Segilola Sale Contract will be paid to RTG at completion. This will be authorised by the irrevocable direction given by the shareholders of SGL (being CGX and Ron Clarke) to direct SROL to pay the purchase price to RTG.

Executed completion documents are currently being held in escrow pursuant to an Escrow Agreement. Completion of the Share Sale and Purchase Agreement can occur once the escrow agent is notified of the completion date by Ratel Group and SROL. Whilst completion was originally expected to occur on 10 October 2013, it has not yet occurred and the parties are in the process of seeking to arrange a new completion date.

The parties executed an amendment deed to the Escrow Agreement on 5 March 2014 deleting the current end date under the Escrow Agreement of 31 March 2014 to permit the parties additional time to agree a new completion date.

## **15. Interests of Experts**

BDO Australia is the auditor of the Company. The aforementioned firm or persons held either less than one percent or no securities of the Company or of any associate or affiliate of the Company. None of the aforementioned firms or persons, nor any directors, officers or employees of such firms, are currently expected to be elected, appointed or employed as a director, officer or employee of the Company or of any associate or affiliate of the Company.

## **16. Audit Committee**

### **Audit Committee**

The purpose of the audit committee of the Company is to provide assistance to the board of directors of the Company in fulfilling its legal and fiduciary obligations with respect to matters involving the accounting, auditing, financial reporting, internal control and legal compliance functions of the Company and its subsidiaries. It is the objective of the audit committee to maintain a free and open means of communication among the board of directors of the Company, the independent auditors and senior management of the Company.

The full text of the Charter of the Audit Committee is included as Schedule A to this AIF.

### **Composition of the Audit Committee**

The Audit Committee is comprised of Robert Scott, Phil Lockyer and David Cruse. All members are independent within the meaning of NI 52-110. Each of the members is financially literate under Section 1.5 of NI 52-110.

## **Relevant Education and Experience**

### ***Robert N Scott – Non –Executive Director and Chair of the Audit Committee***

Mr Scott is a Fellow of the Institute of Chartered Accountants in Australia with over 35 years experience as a corporate advisor. Mr Scott is a former senior partner of the international accounting firms of KPMG and Arthur Andersen. Mr Scott currently holds directorships on Sandfire Resources NL, Lonestar Resources Limited, Neptune Marine Services Limited, Homeloans Limited and is the Chair of Manas Resources Limited.

Mr Scott was appointed a director of the Company on 28 March 2013.

### ***Phil C Lockyer – Non - Executive Director***

Mr Lockyer is a Mining Engineer and Metallurgist with more than 40 years experience in the mining industry, with an emphasis on gold and nickel, in both underground and open pit mining operations.

Mr Lockyer was employed by WMC Resources for 20 years reaching the position of General Manager of Western Australia responsible for that company's gold and nickel divisions. Mr Lockyer holds directorships on Swick Mining Services Limited, , and Western Desert Resources.

Mr Lockyer was appointed a director of the Company on 28 March 2013.

### ***Mr David A Cruse – Non-Executive Director***

Mr Cruse has had a long career in commerce and finance. He was a stockbroker for over 20 years, where he held senior management positions and directorships in the stockbroking industry, with particular focus on capital markets. Mr Cruse has been involved in the identification and commercialization of a number of resource (including oil and gas) projects.

Mr Cruse has held a directorship position on the board of Odyssey Energy Limited since 2008. Mr Cruse was appointed a director of the Company on 28 March 2013.

## **Pre-Approval Policies and Procedures**

The Audit Committee's charter sets out responsibilities regarding the provision of non-audit services by the Company's external auditors. This policy encourages consideration of whether the provision of services other than audit services is compatible with maintaining the auditor's independence and requires Audit Committee preapproval of permitted audit and audit-related services.

## **External Auditor Services Fees**

### **Audit Fees**

The aggregate fees billed by the Company's external auditor, BDO Australia for audit services for the fiscal year ended December 31, 2013 were \$30,000. The aggregate fees billed by BDO for audit services for the fiscal year ended June 30, 2013 were \$87,211

### **Audit Related Fees**

No other fees were paid to the Company's external auditor in the last two fiscal years for fees reasonably related to the performance of the audit or review of the Company's financial statements.

### **ADDITIONAL INFORMATION**

Copies of all materials incorporated by reference herein and additional information relating to the Company may be obtained on SEDAR, under the Company's profile, at [www.sedar.com](http://www.sedar.com).

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorised for issuance under equity compensation plans is contained in the Company's information circular for its most recent annual meeting of shareholders. Additional financial information is provided in the Company's financial statements and Management and Discussion Analysis ("MD&A") for the year ended 31 December, 2013.

## Schedule A

### Audit Committee Charter

By appropriate resolution of the Board of Directors of RTG Mining Inc. (“the Board”), the Audit Committee (the “Committee”) has been established as a standing committee of the Board with the terms of reference set forth below. Unless the context requires otherwise, the term “Company” refers to RTG Mining Inc. and its subsidiaries.

#### 1. **PURPOSE**

1.1 The Committee is appointed by the Board of the “Company to assist the Board in fulfilling its financial management oversight responsibilities. The Committee's primary duties and responsibilities are to:

- (a) monitor the integrity of the Company's financial reporting process and system of internal controls regarding financial reporting and accounting compliance;
- (b) identify and monitor the management of the principal risks that could impact the financial reporting of the Company;
- (c) monitor the independence and performance of the Company's external auditor; and
- (d) provide an avenue of communication among the external auditor, management and the Board.

#### 2. **AUTHORITY**

The Committee has the authority to:

- (a) engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (b) set and pay the compensation for any advisors employed by the Committee; and
- (c) communicate directly with the internal and external auditors.

#### 3. **COMPOSITION**

3.1 Committee members shall meet the requirements of the applicable securities regulatory rules and regulations. The Committee shall be comprised of at least three directors, as determined by the Board, each of whom shall be an “independent” director within the meaning of National Instrument 52-110 (“NI 52-110”) promulgated by the Canadian Securities Administrators and shall be free from any relationship that would interfere with the exercise of the director's independent judgment, provided that, the exemption in Section 3.9 of 52-110 is available for a period of up to one year commencing on the date of the receipt of the prospectus qualifying a distribution of securities that is the initial public offering of the Company. All members of the Committee shall be “financially literate” within

the meaning of NI 52-110 and at least one member of the Committee shall have accounting or related financial management expertise.

- 3.2 The members of the Committee shall be appointed by the Board and shall serve until their successors are appointed. The Board shall have the power at any time to change the membership of the Committee and to fill vacancies in it, subject to the Committee continuing to satisfy the composition requirements mentioned above. The Board shall designate one member of the Committee as its Chair. If a Chair of the Committee is not designated or present at a meeting, the members of the Committee may designate a Chair for the meeting by majority vote of the Committee membership.

#### **4. MEETINGS**

- 4.1 Except as expressly provided in this Charter or the Articles of the Company, the Committee shall fix its own rules of procedure.
- 4.2 The Committee shall meet at least four times annually, or more frequently as circumstances dictate. The Committee Chair shall prepare and/or approve an agenda in advance of each meeting. The Committee should meet privately in executive session at least annually with management, the external auditor, and as a Committee to discuss any matter that the Committee or each of these groups believes should be discussed. In addition, the Committee should communicate with management quarterly as part of their review of the Company's interim financial statements and management's discussion and analysis.
- 4.3 At all meetings of the Committee, the presence of a majority of the members will constitute a quorum for the transaction of the business and the vote of a majority of the members present shall be the act of the Committee.
- 4.4 The Chair, any member of the Audit Committee, the external auditors, the Chairman of the Board, or the Chief Executive Officer or the Chief Financial Officer may call a meeting of the Audit Committee by notifying the Company's Corporate Secretary who will notify the members of the Audit Committee. The Chair shall chair all Audit Committee meetings that he or she attends, and in the absence of the Chair, the members of the Audit Committee present may appoint a chair from their number for a meeting.
- 4.5 Members of the Committee may participate in a meeting of the Committee by conference telephone or similar communications equipment by means of which all people participating in the meeting can hear each other and participation in such a meeting will constitute presence in person at such a meeting.
- 4.6 Any action required or permitted to be taken at any meeting of the Committee may be taken without a meeting if all of its members consent in writing to the action and such writing is filed with the records of proceedings of the Committee.
- 4.7 The Committee shall have unrestricted access to the Company's management and employees and the books and records of the Company.
- 4.8 Directors not on the Committee may attend meetings at their discretion. At the invitation of the Chair of the Committee, members of management and outside consultants may attend Committee meetings.

## 5. **RESPONSIBILITIES**

### ***Review Procedures***

- 5.1 The Committee shall have the functions and responsibilities set out below as well as any other functions that are specifically delegated to the Committee by the Board and that the Board is authorized to delegate by applicable laws and regulations. In addition to these functions and responsibilities, the Committee shall perform the duties required of an audit committee by any exchange upon which securities of the Company are traded, or any governmental or regulatory body exercising authority over the Company, as are in effect from time to time (collectively, the "Applicable Requirements").
- 5.2 Review and update, if applicable or necessary, this Audit Committee Charter annually and submit any amended Audit Committee Charter to the Board for approval.
- 5.3 Review the Company's annual audited financial statements, related management's discussion and analysis ("MD&A") and related documents prior to filing or distribution. This review should include discussion with management and the external auditor of significant issues regarding accounting principles, practices, and significant management estimates and judgments.
- 5.4 Review with financial management the Company's quarterly financial results and related documents prior to the release of earnings and/or the Company's quarterly financial statements, the auditor's review report thereon, related MD&A and related documents prior to filing or distribution. As part of this review, the Committee should discuss any significant changes to the Company's accounting principles.
- 5.5 Review all filings with government agencies in Canada and assess the compliance of the Company in relation to governmental and stock exchange regulations as they apply to the Company respecting processes and controls.
- 5.6 Review all annual and interim earnings press releases before the Company publicly discloses the information.
- 5.7 Review the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company.
- 5.8 Review policies and procedures with respect to directors' and officers' expense accounts and management perquisites and benefits, including their use of corporate assets and expenditures related to executive travel and entertainment.
- 5.9 Discuss with management, the auditors and internal legal counsel, as requested, any litigation claim or other contingency that could have a material effect on the financial statements.
- 5.10 Ensure that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, as well as review any financial information and earnings guidance provided to analysts and rating agencies, and periodically assess the adequacy of those procedures.



### ***External Auditor***

- 5.11 The external auditor is ultimately accountable to the Committee and the Board, as representative of the shareholders. The Committee shall review the independence and performance of the auditor and annually recommend to the Board the appointment of the external auditor or approve any discharge of the external auditor when circumstances warrant.
- 5.12 Approve the fees and other significant compensation to be paid to the external auditor.
- 5.13 At least annually, the Audit Committee shall review the qualifications and performance of the lead partner(s) of the auditors and determine whether it is appropriate to adopt or continue a policy of rotating lead partners of the external auditors.
- 5.14 Obtain annually, a formal written statement from the external auditor setting forth all relationships between the external auditor and the Company.
- 5.15 On an annual basis, the Committee should review and discuss with the external auditor all significant relationships the auditor has with the Company that could impair the auditor's independence.
- 5.16 Take, or recommend that the Board take, appropriate action to oversee the independence of the external auditor, including the resolution of disagreements between management and the external auditor regarding financial reporting.
- 5.17 Review the external auditor's audit plan, discuss and approve audit scope, staffing, locations, reliance upon management and general audit approach.
- 5.18 Prior to releasing the year-end financial report, the Committee will discuss the results of the audit with the external auditor. The auditor will review with the Committee any matters required to be communicated to audit committees in accordance with the standards established by the Canadian Institute of Chartered Accountants.
- 5.19 At each meeting, where desired, consult with the external auditor, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.
- 5.20 Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and, if applicable, former external auditor of the Company.
- 5.21 Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditor. The authority to pre-approve non-audit services may be delegated by the Committee to one or more independent members of the Committee, provided that such pre-approval must be presented to the Committee's first scheduled meeting following such pre-approval. Pre-approval of non-audit services is satisfied if:
  - a. the aggregate amount of all the non-audit services that were not pre-approved is reasonably expected to constitute no more than 5% of the total

amount of fees paid by the Company and subsidiaries to the Company's external auditor during the fiscal year in which the services are provided;

- b. the Company or a subsidiary did not recognize the services as non-audit services at the time of the engagement; and
- c. the services are promptly brought to the attention of the Committee and approved, prior to completion of the audit, by the Committee or by one or more of its members to whom authority to grant such approvals has been delegated by the Committee.

### ***Financial Reporting Processes***

5.22 The Audit Committee shall require management to implement and maintain appropriate systems of internal controls in accordance with Applicable Requirements, including internal controls over financial reporting and disclosure and to review, evaluate and approve these procedures. At least annually, the Audit Committee shall consider and review with management and the auditors:

- (a) the effectiveness of, or weaknesses or deficiencies in: the design or operation of the Company's internal controls (including computerized information system controls and security); the overall control environment for managing business risks; and accounting, financial and disclosure controls (including, without limitation, controls over financial reporting), non-financial controls, and legal and regulatory controls and the impact of any identified weaknesses in internal controls on management's conclusions;
- (b) any significant changes in internal controls over financial reporting that are disclosed, or considered for disclosure, including those in the Company's periodic regulatory filings;
- (c) any material issues raised by any inquiry or investigation by the Company's regulators;
- (d) the Company's fraud prevention and detection program, including deficiencies in internal controls that may impact the integrity of financial information, or may expose the Company to other significant internal or external fraud losses and the extent of those losses and any disciplinary action in respect of fraud taken against management or other employees who have a significant role in financial reporting; and
- (e) any related significant issues and recommendations of the auditors together with management's responses thereto, including the timetable for implementation of recommendations to correct weaknesses in internal controls over financial reporting and disclosure controls.

The Committee should discuss significant financial risk exposures and the steps management has taken to monitor, control, and report such exposures. The review will include a consideration of any significant findings prepared by the external auditor together with management's responses.

5.23 Review the effectiveness of the overall process for identifying the principal risks affecting financial reporting and provide the Committee's views to the Board.

- 5.24 Review analyses prepared by management and/or the external auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements.
- 5.25 Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditor and management.
- 5.26 Review significant judgments made by management in the preparation of the financial statements and the view of the external auditor as to appropriateness of such judgments.
- 5.27 Following completion of the annual audit, review separately with management and the external auditor any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- 5.28 Review any significant disagreement among management and the external auditor in connection with the preparation of the financial statements.
- 5.29 Review with the external auditor and management the extent to which changes and improvements in financial or accounting practices have been implemented.
- 5.30 Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.
- 5.31 Review the financial disclosures certification process.
- 5.32 Establish procedure for (a) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters or any material violation of securities laws or other laws, rules or regulations applicable to the Company and the operation of its business. Any such complaints or concerns that are received shall be reviewed by the Audit Committee and, if the Audit Committee determines that the matter requires further investigation, it will direct the Chair of the Audit Committee to engage outside advisors, as necessary or appropriate, to investigate the matter and will work with management and the general counsel to reach a satisfactory conclusion.

***Other Committee Responsibilities***

- 5.33 Annually assess the effectiveness of the Committee against this Audit Committee Charter and report the results of the assessment to the Board.
- 5.34 The Audit Committee shall review and discuss with management the appointment of key financial executives and recommend qualified candidates to the Board, as appropriate.
- 5.35 As required under Securities Rules, prepare and disclose a summary of the Audit Committee Charter in applicable continuous disclosure documents.

- 5.36 Perform any other activities consistent with this Audit Committee Charter, the Company's articles, and governing law, as the Committee or the Board deems necessary or appropriate.
- 5.37 Maintain minutes of meetings and report to the Board on significant matters arising at Committee meetings at the next scheduled meeting of the Board.

***Other Duties***

- 5.38 Periodically conduct a self-assessment of Committee performance.
- 5.39 Review financial and accounting personnel succession planning within the Company.
- 5.40 Annually review a summary of director and officers' related party transactions and potential conflicts of interest.

**6. NO RIGHTS CREATED**

This Charter is a statement of broad policies and is intended as a component of the flexible governance framework within which the Audit Committee functions. While it should be interpreted in the context of all applicable laws, regulations and listing requirements, as well as in the context of the Company's Articles and By-laws, it is not intended to establish any legally binding obligations.

**7. CHARTER REVIEW**

This Charter was adopted by the Board on November 15, 2010 and the Committee shall review and update this Charter annually and present it to the Board for approval.