

La Mancha Group implements its growth strategy in Australia: Gold production to increase by 120% in 2014

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- **Acquires Alacer's minority interests in its Australian mines for \$A 141m**
- **Concludes an 18-month toll treatment agreement for \$A 25m**
- **Launches the construction of its own processing plant for circ.\$A 110m**
- **Puts in production phase 2 of its 100% owned White Foil deposit**

La Mancha Group has entered into a binding asset sale and purchase agreement to acquire Alacer group's 49% minority interest in the Frog's Leg mine joint venture, as well as minority interests in the Lake Greta (24.5%) and Avoca (40.0%) exploration project joint ventures.

The value of the transaction amounts to A\$141million and is expected to be completed in the coming weeks, subject to the relevant Australian regulatory approvals.

In parallel, La Mancha has concluded a A\$25m agreement under which Alacer will provide toll milling services to La Mancha for 18 months (until June 2014), through its Jubilee processing facility located in South Kalgoorlie.

Sebastien de Montessus, CEO of the La Mancha, stated: "Only five months since the buy-out of the La Mancha Group, we are moving rapidly towards becoming a strong mid-tier gold producer. This deal marks a key milestone for La Mancha's new development strategy, which aims to increase the current gold production four-fold to reach 500,000 ounces per year by 2016. The deal also has a significant impact on our profitability, as it should result in a significant decrease in our Australian operating costs. We have now reached the critical size to launch the construction of our own processing plant, thereby setting up the platform to continue to develop our mining assets in Australia."

As a result of this transaction, and the development of White Foil Phase 2, La Mancha's Australian gold production should increase from 67,000 ounces per year in 2012 to circa 150,000 ounces per year by 2014, representing a 120% increase in production, with a 60% decrease in milling costs:

- La Mancha expects to double its share of gold production from the Frog's Leg mine which should increase from 67,000 ounces in 2012 to roughly 120,000 ounces over the next 3 years.
- The ore mined over the next 18-months should primarily be treated through the toll treatment agreement concluded with Alacer. As a result of better terms and conditions, La Mancha Australia should save about 20% on its treatment costs compared to what was incurred in 2012.
- Having reached the critical size at its Australian mining complex, La Mancha will now launch the construction of its own CIL processing plant, which should be operational around end of the first half of 2014. This \$A 100 million investment should generate an additional 50% savings in treatment costs.
- As a result the cost savings, La Mancha should be able to convert roughly 70% of White Foil's current resource into reserves, thereby launching the mining of White Foil Phase 2 which should produce circa 30,000 ounces by 2014, increasing to over 60,000 ounces per year by 2016.

The acquisition transaction and the construction of the milling plant will be financed by a combination of equity and a A\$200m secured loan facility underwritten by a syndicate of banks comprising of Barclays Bank PLC, Credit Suisse AG and Macquarie Bank Limited. This facility will also be used for general corporate purposes.

About La Mancha Group

La Mancha is a privately held international gold producer with mining operations, development projects and exploration activities in Africa and Australia. As the operator of four gold mines in three countries (Australia,

Ivory Coast and Sudan), La Mancha currently manages expected total gold production of up to 260,000 ounces (up to 130,000 ounces attributable to La Mancha). With the upcoming development of its VMS project in Sudan, La Mancha has the objective to boost its attributable production to 500,000 gold equivalent ounces by 2016. For more information, please visit www.lamancha.com.

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