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If you have sold or transferred all of your ordinary shares of 0.25p each in the capital of Athol Gold Limited (“Company”) (“Ordinary Shares”), please send this document, including the notice of meeting, Form of Proxy and Form of Direction as soon as possible to the purchaser or transferee or to the stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The Directors, whose names are set out on page 2 of this document and the Company, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the importance of such information.

ATHOL GOLD LIMITED

*(incorporated in the Cayman Islands under the Companies Law (2010 Revision)
of the Cayman Islands with registered number 141920)*

ADOPTION OF NEW INVESTING POLICY

CHANGE OF NAME

DISAPPLICATION OF PRE-EMPTION RIGHTS

NOTICE OF EXTRAORDINARY GENERAL MEETING

Your attention is drawn to the recommendation of the board of directors of the Company (“Board” or “Directors”) which is set out in this document and which recommends that you vote in favour of the resolutions (“Resolutions”) set out in the notice of Extraordinary General Meeting referred to below.

This document is not for distribution outside the United Kingdom except to the extent that it would be lawful to do so. The distribution of this document in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions.

Notice of an Extraordinary General Meeting of the Company, to be held at 39 Athol Street, Douglas, Isle of Man IM1 1LA at 11.30 a.m. on 25 October 2011 (“EGM”), is set out at the end of this document. To be valid, the accompanying Form of Proxy or Form of Direction, as applicable, for use in connection with the EGM should be completed, signed and returned as soon as possible and, in any event, so as to reach the Company’s UK transfer agent, Capita Registrars, PXS, at 34 Beckenham Road, Beckenham, Kent BR3 4TU by not later than 11.30 a.m. on 21 October 2011 in the case of a Form of Proxy and by not later than 11.30 a.m. on 20 October 2011 in the case of a Form of Direction.

Completion and return of a Form of Proxy will not preclude a Shareholder of the Company from attending and voting at the EGM should they so wish. DI Holders who wish to attend the EGM should contact the Depository as per the instructions on the Form of Direction.

ATHOL GOLD LIMITED

WALKER HOUSE – MARY STREET – PO BOX 908GT – GEORGETOWN
GRAND CAYMAN – CAYMAN ISLANDS

*(incorporated in the Cayman Islands under the Companies Law (2010 Revision)
of the Cayman Islands with registered number 141920)*

Directors

Jennifer Allsop (*Chairman*)
Alistair Ford (*Non-Executive Director*)
Robin Andrews (*Non-Executive Director*)

7 October 2011

To: all holders of Ordinary Shares (“Shareholders”) or Depository Interests (“DI Holders”) and, for information only, to the holders of warrants and options over Ordinary Shares.

Dear Sir or Madam

**New Investing Policy
Change of Name
Disapplication of pre-emption rights
Notice of Extraordinary General Meeting**

1. Introduction

On 26 October 2010, the Board announced that the Company had decided to change the strategy of the Company and adopt a new investing policy to focus on the precious metals sector, particularly gold and silver.

Since then, your current Board has overseen a near trebling of the Company’s net asset value (“NAV”) during its 10 months in charge, which has been reflected in the share price. We have achieved this by keeping the running costs of the Company to the minimum and by investing Shareholders money wisely. But we do not believe that with £3.6 million assets under management we have achieved the critical mass required for an investing company. Our running costs would remain broadly the same were we to substantially increase our assets under management (“AUM”) and that would significantly increase the returns to Shareholders.

There are currently more than 30 investment companies traded on AIM and PLUS with less than £10 million of AUM. Many have a fraction of that level of AUM however all have to bear the costs associated with being a publicly traded company. The high level of fixed costs relative to AUM makes it very difficult for any of them to deliver a material increase in NAV for their shareholders. This makes their often illiquid shares less attractive and thus prone to stagnate at a discount to NAV.

Our express goal is to use Athol as a vehicle to rationalise this sector. We have already commenced discussions with a number of such companies with a view to acquiring their portfolios in exchange for new Ordinary Shares in Athol. We will also seek to increase our own AUM by acquiring for cash or for shares other equity investments held by institutions, companies or individuals as appropriate or by using our cash resources for secondary market purchases.

We therefore propose to broaden the range of investments that the Company can make by adopting a strategy of acquiring unwanted investments or investment portfolios held by other investing companies and other entities in exchange for new Ordinary Shares in the Company. This will preserve the Company’s cash resources while increasing its level of AUM.

We will not buy just any assets. We will invest only where we see value and where Athol can acquire that value on terms that are considered acceptable by the Board.

As announced on 26 October 2010, the Company appointed Tom Winnifrith, manager of the SF t1ps Smaller Companies Gold Fund, as its Chief Investment Officer in order to carry out its investing policy. Mr Winnifrith receives no fee for his services but his employer, t1ps Investment Management (IoM) Limited ("TIM") receives a fee equivalent to 25% of the increase in the NAV of the Company payable in shares at the NAV each quarter. Under the terms of the investment management agreement with TIM, at the end of every 3 months TIM receives a fee in the form of new Ordinary Shares of a value equivalent to 25% of any increase of the NAV of the Company over each quarterly period, subject to a high-watermark. TIM does not receive fees in respect of the percentage of the equity held by funds managed by TIM.

TIM will continue to be incentivised on the basis of NAV performance while now also receiving a standard management fee. Following the EGM any historic performance fees owed to TIM will be waived and a new investment management agreement will be adopted which, subject to regulatory approval, will be directly with TIM and which will see TIM receive a flat annual management fee of 1.5% payable in shares quarterly in arrears. The incentive for it to continue to deliver growth in NAV will be an annual performance fee of 20% of any return in excess of 20% increase in NAV per share using the existing high watermark as the starting point. This fee will also be payable in shares. TIM will continue not to receive fees in respect of the percentage of the equity held by funds managed by TIM.

Our objective is to increase AUM to over £20 million within 6 months and to continue to grow thereafter in order to create a company with lower relative costs and whose stock is liquid enough to be attractive to a wider group of investors.

Our primary focus will, for now, remain gold and silver equities as this is where we see the greatest value for investors. However we now intend to broaden the type of investment we can acquire by including other investments which we consider represent good value to Shareholders and which we can acquire in exchange for new Ordinary Shares in Athol. As and when we are able to liquidate such investments on terms we consider attractive, we intend to reinvest the proceeds in gold and silver equities provided the medium term prospects of the sector remain strong or in equities from outside the precious metals sector which offer outstanding value.

Under the AIM Rules for Companies, any material change to our investing policy needs to be approved by Shareholders at a general meeting. We would ask for your support in this new strategy by voting in favour of the Resolutions to be proposed at the EGM to be held at 11.30 a.m. on 25 October 2011. If you are unable to attend the meeting in person, you can still vote and I would urge you, regardless of the number of shares you own, to complete, sign and return the accompanying Proxy Form or Form of Direction.

The purpose of this document is to provide you with information on the proposed investing policy ("New Investing Policy") and the proposed dis-application of pre-emption rights to allow the Board to issue further shares and to explain why the Board considers these proposals to be in the best interests of the Company and its Shareholders as a whole and to recommend that Shareholders vote in favour of the Resolutions. The Resolutions will be considered at the EGM meeting to be held at 39 Athol Street, Douglas, Isle of Man IM1 1LA at 11.30 a.m. on 25 October 2011, notice of which is set out at the end of this document.

2. New Investing Policy

The Company's proposed New Investing Policy is to acquire shares traded in London on the LSE, AIM or PLUS and on the TSX and ASX by participation in public offerings or via secondary markets. The aim of Athol is to be a passive investor and it will not be seeking to gain control of any company merely to buy shares which it considers to be fundamentally undervalued and offer scope for material returns within 5 years. There will be no geographic, sectoral or company specific concentration restrictions or limit on the number of investments made. The key strategy is medium/long term only ungeared, value investing with an objective of continuing to deliver market beating growth in its Net Asset Value per share.

The Company's prime focus for cash investments will be to continue to acquire holdings in natural resources, with a particular focus on precious metals such as gold and silver while the value inherent in precious metals is as clear cut as it is at present, which the Directors believe are undervalued and where one or more such transactions have the potential to create value for Shareholders.

The Company will also seek to acquire investments or investment portfolios from investing companies or other sources or in the secondary market which the Directors believe are undervalued and where one or more such transactions have the potential to create value for Shareholders. Such acquisitions will be purchased primarily through the issue of new Ordinary Shares to the vendors of such investments or investment portfolios.

Returns to shareholders are expected to be by way of growth in the value of the Company's shares. It is the Board's current intention to hold investments for the long term.

The Company will continue to publish a quarterly update on its NAV.

3. Dis-application of pre-emption rights

The Directors are seeking to increase their ability to issue shares to allow the Company the flexibility to pursue its growth and acquisition led strategy. The Board is proposing a further authority to issue and allot new Ordinary Shares for cash or otherwise, free of pre-emption rights. This authority is set out in Resolution 2. The authority proposed in Resolution 1 grants the Board authority to issue and allot new Ordinary Shares with an aggregate nominal value of up to £2 million (that is 800 million new Ordinary Shares of 0.25p each), for cash or otherwise, free of pre-emption rights. It is proposed that this authority will expire 12 months after the EGM, or at the next AGM, whichever occurs earlier.

4. Change of Name

At the EGM, the Board will propose to change the name of the Company to better reflect the Company's new strategic direction. It is proposed that the name of the Company be changed to Athol Gold and Value Limited.

5. Extraordinary General Meeting

A notice of EGM is set out at the end of this document convening the EGM to be held at 39 Athol Street, Douglas, Isle of Man IM1 1LA at 11.30 a.m. on 25 October 2011 at which resolutions will be proposed to:

Resolution 1: to approve by ordinary resolution the disapplication of pre-emption rights in respect of the issue and allotment of 800 million new Ordinary Shares;

Resolution 2: to approve the adoption of the New Investing Policy; and

Resolution 3: to approve the change of name to Athol Gold and Value Limited, subject to the passing of Resolution 2.

6. Action to be taken

A Form of Proxy and a Form of Direction are enclosed for use, as applicable, in connection with the EGM. Whether or not you intend to be present at the meeting, you are requested to complete, sign and return the Form of Proxy or Form of Direction, as applicable, to the Company's UK transfer agent, Capita Registrars, PXS, at 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and in any event so as to arrive not later than 11.30 a.m. on 21 October 2011 in the case of a Form of Proxy and not later than 11.30 a.m. on 21 October 2011 in the case of Form of Direction. The completion and return of a Form of Proxy will not preclude you from attending the meeting and voting in person should you subsequently wish to do so.

7. Recommendation

The Board considers the Resolutions to be in the best interests of the Company and its Shareholders as a whole and recommend that Shareholders vote in favour of the Resolutions.

Yours faithfully

Jennifer Allsop
Chairman

ATHOL GOLD LIMITED

*(incorporated in the Cayman Islands under the Companies Law (2010 Revision)
of the Cayman Islands with registered number 141920)*

(“Company”)

Notice of Extraordinary General Meeting

Notice is given that an Extraordinary General Meeting of the members of the Company will be held at 39 Athol Street, Douglas, Isle of Man IM1 1LA at 11.30 a.m. on 25 October 2011 for the purposes of considering and, if thought fit, passing the following resolutions:

Ordinary resolutions

1. That the directors be authorised to dis-apply the pre-emption rights set out in article 17 of the Company’s articles of association, such power to expire 12 months after the EGM, or at the next annual general meeting, whichever occurs earlier, and the directors may allot equity securities for cash following an offer or agreement made before the expiry of the authority, and provided that this authority is limited to the allotment of equity securities up to an aggregate nominal amount of £2 million.
2. That the proposal to change the Company’s investing policy to that set out in the circular to shareholders dated 3 October 2011 be approved and that the directors of the Company be authorised to take all such steps as any of them may consider necessary or desirable to implement the investing policy.

Special resolution

3. Subject to the passing of Resolution 2, that the name of the Company be changed to Athol Gold and Value Limited.

By order of the board:

Walkers SPV Limited
Company Secretary

Registered office:

Walker House, Mary Street, PO Box 908GT,
George Town, Grand Cayman, Cayman Islands

Date: 7 October 2011

Notes:

1. A member entitled to attend and vote at the above meeting may appoint one or more proxies to attend and, on a poll, vote in his place. A proxy need not be a member of the company.
2. To be effective, a completed and signed Form of Proxy (and any power of attorney or other authority under which it is signed) must be delivered to the Company's UK transfer agent, Capita Registrars, PXS, at 34 Beckenham Road, Beckenham, Kent BR3 4TU by no later than 48 hours (excluding weekends) before the time fixed for the meeting or any adjourned meeting. You may also deliver by hand to Capita Registrars Limited, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU during normal business hours.
3. Completion of a Form of Proxy will not prevent a Shareholder from attending and voting in person.
4. Shareholders will be entitled to attend and vote at the meeting if they are registered on the Company's register of members 48 hours before the time appointed for the meeting or any adjourned meeting.
5. In the case of joint holders of shares in the company, the vote of the senior holder shall be accepted to the exclusion of the votes of the other joint holder(s). For this purpose, seniority will be determined by the order in which the names appear in the company's register of shareholders (or the company's registrars' records).
6. In the case of holders of Depositary Interests representing Ordinary Shares in the capital of the Company, a Form of Direction must be completed in order to instruct Capita IRG Trustees Limited, the Depository, to vote on the holder's behalf at the meeting, or if the meeting is adjourned, at any adjourned meeting. To be effective, a completed and signed Form of Direction must be delivered to Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, by no later than 72 hours (excluding weekends) before the time fixed for the meeting or any adjourned meeting.

