

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about the contents of this document or as to what action you should take, you are recommended to consult a person authorised for the purposes of the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.

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.

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# **ATHOL GOLD LIMITED**

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

## **DISAPPLICATION OF PRE-EMPTION RIGHTS**

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Your attention is drawn to the recommendation of the board of directors of the Company 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.

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**Notice of an Extraordinary General Meeting of the Company, to be held at 39 Athol Street, Douglas, Isle of Man IM1 1LA at 10.00 a.m. on 21 February 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 10.00 a.m. on 17 February 2011 in the case of a form of proxy and by not later than 10.00 a.m. on 16 February 2011 in the case of a form of direction. Completion and return of a form of proxy will not preclude members of the Company from attending and voting at the EGM should they so wish.**

# ATHOL GOLD LIMITED

**WALKER HOUSE – MARY STREET – PO BOX 908GT – GEORGE TOWN  
GRAND CAYMAN – CAYMAN ISLANDS**

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

## The Board of Directors (the “Board” or “Directors”)

Alistair Ford (Director)

Robin Andrews (Director)

Jennifer Allsop (Director)

3 February 2011

**To: all holders of Ordinary Shares (“Shareholders”) and, for information only, to the holders of warrants and options over Ordinary Shares.**

Dear Sir or Madam

## **Disapplication of pre-emption rights**

### **1. Introduction**

On 31 January 2011, the Board of Directors of the Company announced that:

- the Company had raised £739,875 through the placing of new Ordinary Shares (raising £589,875) and the issue of new convertible loan notes (raising £150,000);
- that in relation to the performance fee due to tips Investment Management (IoM) Limited (“TIM”) for the use of the services of Tom Winniffrith as Athol’s Chief Investment Officer, TIM has agreed that it will receive its fee in the form of new convertible loan notes in lieu of the issue of 32,901,200 new ordinary shares announced on 26 January 2011. Accordingly the Company has issued £329,012 worth of new convertible loan notes to TIM; and
- it would convene an extraordinary general meeting to authorise the Directors to allot the shares pursuant to conversion of the convertible loan notes.

On 3 February 2011, the Board of Directors of the Company announced that:

- the company had raised £25,000 through the placing of new Ordinary Shares and the issue of convertible loan notes.

The purpose of this document is to provide you with information on the proposed disapplication of pre-emption rights to allow the Board to issue further shares without restriction in order to convert the outstanding convertible loan notes and raise further funds as it deems appropriate 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 an extraordinary general meeting to be held at 39 Athol Street, Douglas, Isle of Man IM1 1LA at 10.00 a.m. on 21 February 2011, notice of which is set out at the end of this document (“EGM”).

### **2. Further information on the recent fundraising**

On 31 January 2011, the Company announced that it had placed 71,069,277 new Ordinary Shares (“Placing Shares”) with investors at a price of 0.83p per share to raise £589,875 before expenses and on 3 February the Company announced it had placed a further 1,927,711 Placing Shares with investors at a price of 0.83p a share to raise £16,000 before expenses and had raised a further £9,000 through the issue of convertible loan notes. The placing price represents a 35 per cent. premium to the Company’s unadjusted net asset value (“NAV”) of 0.617p a share, as announced on 26 January 2011. The Placing Shares will rank equally with the existing Ordinary Shares.

Accordingly, the Company has issued 159,000 convertible loan notes of £1 each ("Loan Notes"). Additionally the Company issued 329,012 Loan Notes to tips Investment Management (IoM) Limited ("TIM") in lieu of 32,901,200 shares that were due to TIM in the form of a performance fee ("Performance Loan Notes"). The Loan Notes and the Performance Loan Notes that have been issued are zero coupon, unsecured and repayable on 31 December 2012. The 159,000 Loan Notes are convertible into new Ordinary Shares on the basis of 120.48 new Ordinary Shares per convertible loan note, equivalent to a price of 0.83p per share. The 329,012 Performance Loan Notes are convertible into 32,901,200 new Ordinary Shares, equivalent to a price of 1p per share.

### **3. Dis-application of pre-emption rights**

The Board needs the authority to issue and allot new Ordinary Shares arising on conversion of the Loan Notes. This authority is set out in Resolution 1.

In addition the Board is proposing a further authority to issue and allot new Ordinary Shares for cash, free of pre-emption rights. This authority is set out in Resolution 2.

As set out in the announcement dated 26 October 2010, the Company intends to accelerate its investment strategy to seek investment opportunities in the natural resources sector in order to maximize value for shareholders. In particular, the Board wish to have the ability to raise funds for the Company quickly so as to be able to take advantage of suitable investment opportunities as and when they arise. The authority proposed in Resolution 2 grants the Board authority to issue and allot new Ordinary Shares with an aggregate nominal value of up to £500,000 (that is 200 million new Ordinary Shares of 0.25p each), for cash, free of pre-emption rights. It is proposed that this authority will expire 12 months after the EGM.

### **4. EGM**

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 10.00 a.m. on 21 February 2011 at which resolutions will be proposed to:

- 4.1 approve by ordinary resolution the disapplication of pre-emption rights in respect of the conversion of the Loan Notes; and
- 4.2 approve by ordinary resolution the disapplication of pre-emption rights in respect of the issue and allotment of 200 million new Ordinary Shares.

### **5. 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 10.00 a.m. on 17 February 2011 in the case of a form of proxy and not later than 10.00 a.m. on 16 February 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.

### **6. 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

**Alastair Ford**

# 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 10.00 a.m. on 21 February 2011 for the purposes of considering and, if thought fit, passing the following resolutions:

### Ordinary resolutions

1. That the directors be authorised to disapply the pre-emption rights set out in article 17 of the Company's articles of association provided that this authority is limited to the allotment of 52,057,520 equity securities up to an aggregate nominal amount of £130,144 on conversion of the zero coupon, unsecured loan notes 2011 of the Company, as described in the Company's circular dated 3 February 2011.
2. That the directors be authorised to disapply the pre-emption rights set out in article 17 of the Company's articles of association, such power to expire on 20 February 2012, 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 £500,000.

By order of the board

**Trevor Wells**

Company Secretary

Registered office:

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

Date: 3 February 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 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 member from attending and voting in person.
4. Members 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 depositary, 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.