



ELDORE MINING CORPORATION LIMITED
ABN 82 110 884 262

3rd February 2012

ELDORE ACQUIRES AFRICAN GOLD MINE

AGREEMENT TO ACQUIRE 100% OF THE LONELY GOLD MINE

Key Points:

- ✦ *Eldore to acquire 100% of the large-scale Lonely Gold Mine in Zimbabwe, with historical production of >1.1 million ounces of gold (Bartholomew, 1990)*
- ✦ *Consideration of US\$4.4 million – part scrip / part cash deal, and includes all plant and equipment on site*
- ✦ *Production to finance part of purchase consideration*
- ✦ *Director Appointments*

Gold explorer Eldore Mining Corporation Limited (“EDM” or the “Company”) is pleased to announce that it has signed an agreement for a major gold mine acquisition that will see it establish a key strategic landholding within a major gold producing region and ultimately join the ranks of the country’s gold producers.

EDM has agreed to acquire the **Lonely Gold Mine** (“Lonely Mine”) in Zimbabwe for an equivalent total consideration of **US\$4.4 million**. The Company has executed a Heads of Agreement with the vendors to acquire a 100% interest in the Lonely Mine, subject to due diligence, regulatory and shareholder approval.

The Lonely Mine, located 80km north of Bulawayo, has historical underground production of up to >1.1 million ounces of gold (Bartholomew, 1990). The Lonely Mine was the largest single gold producer in the region until its closure in the mid-1990s. The potential for recommencement of operations following completion of due diligence will be part of the Company’s expanded scope to determine the size and scale of operations and exploration prospectivity. The mine is located within the Bubi greenstone belt, which is a major gold producing region in Zimbabwe.

Acquisition Terms

This agreement is subject to due diligence, which will be carried out over the next 60 days, and EDM obtaining shareholder and regulatory approval.

The total consideration of US\$4.4million includes the tenements and all plant and equipment on site, which the Company believes will expedite re-commissioning of operations upon settlement.

Settlement is due to occur following shareholder approval. The transaction is payable by way of EDM shares to the value of US\$2 million and US\$2.4million cash. The shares will be payable upon the

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following terms – US\$1 million of EDM shares at settlement and US\$1 million of EDM shares upon the first production pour of 20kg (643 troy ounces) of gold poured. The cash component is payable in two installments upon the following terms – US\$500,000 at settlement and the US\$1.9million balance will be payable from production.

The Company advises that the vendors are not related parties.



Figure 1: Zimbabwe – Lonely Gold Mine Location Map

Burkina Faso

In Burkina Faso, the Company's wholly owned subsidiary Knights Landing Pty Ltd owns the Bonsiega Project where Predictive Discovery Limited (ASX:PDI) has earned a 60% interest by expending \$2 million on exploration as recently announced. The Company has elected to reduce its interest in the project to 27.90% of all approved and budgeted exploration expenditure to maintain its interest in the project whilst focusing its financial resources on the potential production asset in Zimbabwe.

Funding

Further to the previous announcements, the Company is currently working on terms for a placement to raise up to \$1.5 million for general working capital and to complete the due diligence process on the mine acquisition. The placement will include a 5% commission and 1% management fee on the total of funds raised. The Directors intend to convene a meeting of shareholders to consider the purchase and issue of shares to finance the purchase and re-commissioning programme as soon as practicable.

Corporate

The company has appointed two interim Directors to the Board, Mr Craig Willis and Mr Richard Griffin, to be replaced by key appointments when the Lonely Gold Mine purchase completes.

Finally, Mr John Geary has resigned from the Board and the Company wishes to thank him for his support over the years.

The Company believes that this transaction represents a Company-changing event and we are confident that this transaction represents the best strategy to create value for the Company. On completion of this transaction, EDM will have a cornerstone asset, with the Lonely Gold Mine targeted to come on stream during the year and set up EDM for a very significant year in 2012.

Damon Sweeny
Company Secretary

DISCLAIMER: *The information concerning production targets in this announcement are not intended to be forecasts. They are internally generated goals set by the board of directors of EDM. The ability of the Company to achieve these targets will be largely determined by the Company's ability to secure adequate funding, implement mining plans, resolve logistical issues associated with mining and enter into off take arrangements with reputable third parties.*

It is common practice for a Company to comment on and discuss its exploration in terms of target size and type. The information above relating to the exploration target should not be misunderstood or misconstrued as an estimate of Mineral Resources or Ore Reserves. Hence the terms Resource(s) or Reserve(s) have not been used in this context. The potential quantity and grade is conceptual in nature, since there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource.

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