



**African Mining &
Exploration plc**

INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2012

AFRICAN MINING & EXPLORATION PLC

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AFRICAN MINING & EXPLORATION PLC

COMPANY INFORMATION

| | | |
|--|---|---|
| Directors: | S D Oke M C Jones D D Chikohora R A Williams | Non-Executive Chairman Chief Executive Officer Non-Executive Director Non-Executive Director |
| Secretary: | S F Ronaldson 55 Gower Street London WC1E 6HQ | |
| Registered office: | Third Floor 55 Gower Street London WC1E 6HQ | |
| Registered number: | 07307107 (England and Wales) | |
| Auditors: | BDO LLP 55 Baker Street London W1U 7EU | |
| Bankers: | NatWest Bank Plc. St James' & Piccadilly Branch PO Box 2DG 208 Piccadilly London W1A 2DG | |
| Nominated advisors & brokers: | Singer Capital Markets Limited 1 Hanover Street London W1S 1YZ | |
| Solicitors: | Memery Crystal LLP 44 Southampton Buildings London WC2A 1AP | |
| Registrars: | Share Registrars 9 Lion and Lamb Yard Farnham Surrey GU9 7LL | |
| Website: | www.ameplc.co.uk | |

AFRICAN MINING & EXPLORATION PLC

OPERATIONAL HIGHLIGHTS FOR THE SIX MONTHS ENDED 30 JUNE 2012

We are pleased to announce, that since we reported in our 2011 Annual Report in May, the Company has acquired Caracal Gold Mali SARL (“Caracal Gold”). This is a significant milestone in the Company’s history and has effectively doubled the Company’s exploration footprint.

We are also pleased to report that there has been limited impact on the exploration activities subsequent to the coup in March 2012 in Mali. The Company’s exploration team, with the enhanced capability provided by the RAB / auger drilling rig which commenced activity in April, has been active on both the Company’s existing exploration permits and the recently acquired Caracal permits.

Acquisition of Caracal Gold

In July 2012 AME acquired Caracal Gold Mali SARL from the Caracal group which held 6 gold exploration licences covering 280km² in Mali that were included in the acquisition; all are in good standing with 3 awaiting Ministerial approval for the transfer from Caracal Gold LLC into Caracal. Caracal also has a 7th licence under a renewal application. The Sale and Purchase agreement gives AME beneficial rights to those permits awaiting approval.

The exploration licences encompass approximately 376 km². Two, Donbaleya and Daounabete are separate licences in west and south Mali respectively. Five licences are contiguous and collectively known as the ‘Kossanto’ permits (Kobokoto, Gourbassi, Farikounda, Koussikoto and Kobokoto-Est). These permits lie in the centre of the Kenieba inlier in western Mali, a block of ancient greenstones and granites hosting many significant gold deposits in Senegal and Mali making it one of the most important gold regions in Africa, with nearby producing mines Sadiola (12Moz) and Loulo (11Moz).

Kossanto geology includes all the key rock units that host the gold mineralisation in the major gold producing mines of Sadiola, Yatela, Loulo and Sabodala. They consist of a mix of basic and acidic volcanics with turbidites, and pervasive shearing and fracturing. There are extensive artisanal workings all over this region and the structure as indicated by airborne geophysics places Kossanto on the same major fracture system which controls the Sadiola mineralisation.

The acquisition came with a significant amount of geological information based on trenching, soil sampling, geophysics surveys, IP surveys and over 7,000 metres of RAB and RC drilling. The Exploration Update contains more specific technical information.

In consideration for Caracal, AME has paid an initial sum of £62,500, with a further £62,500 being payable once completion of Government approval of the transfer in respect of 3 of the 7 licences has occurred.

The Company envisages that it will spend up to US\$1.5 million on exploration on the permits in the 18 month period following completion. At the end of the 18 month period, AME will have at its sole discretion the right to allot ordinary shares, make a payment in cash or a combination of both cash and ordinary shares to the value of £1.25 million or grant the Seller a right of first refusal to reacquire Caracal from AME on a ‘cash free debt free’ basis.

If AME elects to proceed with the payment of £1.25m as set out above and where a JORC compliant Proven and Probable reserve of greater than 500,000 oz is established, AME shall be liable to allot 3,515,000 ordinary shares to the Seller.

AFRICAN MINING & EXPLORATION PLC

OPERATIONAL HIGHLIGHTS (continued) FOR THE SIX MONTHS ENDED 30 JUNE 2012

Exploration Update

Kossanto Permits

Following the acquisition of Caracal Gold Mali SARL in July 2012, AME is pleased to report on the positive progress made to date on the Kossanto permits in the West Mali greenstone belt.

The detailed study of the results of previous work and new fieldwork by AME's geologists has identified three targets that will be the main focus for exploration in the short term. The work has given a clear picture of the gold resource potential on two prospects within the Kossanto permit area and strong exploration potential on a third target. The latest programme of work conducted by AME of detailed soil geochemistry sampling, (RAB) drilling and ground magnetics surveys over the priority targets supports existing data that was derived from previous work programmes including Induced Polarisation (IP) measurements, trenching and RC drilling. The two resource prospects, Gourbassi East and Gourbassi West show clear mineralised trends that extend for more than 1 km and provide the greatest opportunity for the development of a resource in the short term.

Gourbassi East is a prospect characterised by a SE striking mineralised zone along a clear lithological contact. Soil sampling, trenching and RC drilling have identified a 900 metre strike length to the mineralised zone, which is open along strike in both directions. Previous results include 25m @ 1.11 g/t in one of the trenches and 22 metres @ 1.59 g/t (including 15m @ 2.18 g/t) in one of the RC drill holes. Mineralisation is related to the contact between Rhyolite and Rhyodacite units and a clear chargeable and resistive structure as indicated by IP surveys is present.

Despite heavy rains and difficult road conditions, the Company's own rig and support vehicles were able to access the target area and the first holes of a 4 fence RAB drilling plan were completed at Gourbassi East at the end of August. RAB drilling will be used to test the potential extensions along strike identified during previous RC drilling.

The Gourbassi West prospect lies approximately 3.7km WNW of Gourbassi East and appears to be analogous with its clear SSE striking zone of mineralisation associated with felsic volcanic rocks running for almost 1km. It was originally identified by anomalous Au values in soil geochemistry that was consistent with Gourbassi East. An IP Survey identified a highly anomalous chargeable structure, which correlates to the SSE to NNW trending mineralisation and was confirmed by positive trench results including 28 metres @ 0.96 g/t and 33 metres @ 1.08 g/t. RC drilling intersected significant mineralisation and areas of strong alteration and sulphidisation with peak intercepts of 17 metres @ 2.05 g/t, including 9m @ 3.06 g/t and 6 metres @ 1.8 g/t, including 3m @ 3.01 g/t. The structure is open along strike in both directions and represents AME's best opportunity for discovering a gold resource in the short term.

The third target is Massakama, which is in the Western portion of the Kossanto permit area. The mineralisation at Massakama is hosted by a strongly silicified green volcanic rock characterised by skarn-type alteration and is associated with quartz veins orientated SSE and along the sheared contacts between intrusive bodies and host rock. Previous trenching and RC drilling have both intersected anomalous gold grades. Trenching results across the alteration included intersections of 36m @ 0.55 g/t and 22m @ 0.74 g/t; RC drilling results included a high grade intersection of 16m @ 9.5 g/t just 13m below surface and 8m @ 18.5 g/t. The high grade mineralisation is not well understood at this stage, thus a programme of detailed geological mapping and RC chip re-logging will be completed along with a first pass close-spaced ground magnetic survey. The ground magnetic

AFRICAN MINING & EXPLORATION PLC

OPERATIONAL HIGHLIGHTS (continued) FOR THE SIX MONTHS ENDED 30 JUNE 2012

survey has shown a strong correlation between mineralisation and magnetic lows elsewhere on the permit providing an excellent tool for further understanding any additional targets within the permit area.

First pass orientation ground magnetic surveys of over 30 line km have been completed using AME's in house equipment and expertise. Clear correlations with the mineralisation identified in RC holes and trenching and magnetic anomalies have been made and are very encouraging for the identification of additional anomalous trends in future exploration programmes within the Kossanto permit area.

The Company has received the first results from two close spaced soil sampling grids over separate areas within the Kossanto block. The first is in the Kobokoto permit, where a soil grid has been placed to the South of the previously drilled zone and over highly anomalous regional soil sample results – higher than those in the drilled area and up to 7,441 ppb. Using a grid of 400 x 100 m, AME's field crew collected 263 samples, of which 196 soil sample results have been received with 18 of the values highly anomalous and above 100 ppb. The peak values of 748 and 746 ppb are very encouraging and provide excellent targets for follow up work. Secondly, the Farikounda permit which forms the eastern part of the Kossanto block has been chosen for soil sampling as it has not been subjected to previous exploration and as such it represents virgin ground. An initial soil sample grid of 400 x 100 m has been implemented over an area of interest as defined by anomalous regional geochemistry results correlating with geophysical structures. Results have been received for 95 of the 431 samples, with a peak value of 531 ppb. A more detailed analysis will be completed when all results have been received.

The work programme planned for the next 6 months for Gourbassi East and West is designed to better understand and trace the mineralised structure, commencing with 50 line km's of ground magnetic followed up by multiple RAB fences to test width, length and continuity of the mineralisation in the structure.

In addition, a RC drilling programme of approximately 5000m is planned for Gourbassi East and West that will focus on discovering the continuity and depth of the already proven mineralisation, along with extending these zones along strike.

Following the cessation of seasonal rains AME plans to upgrade the access road in October. Negotiations are underway with RC drilling sub-contractors and the proposed RC drilling programme is expected to commence in November.

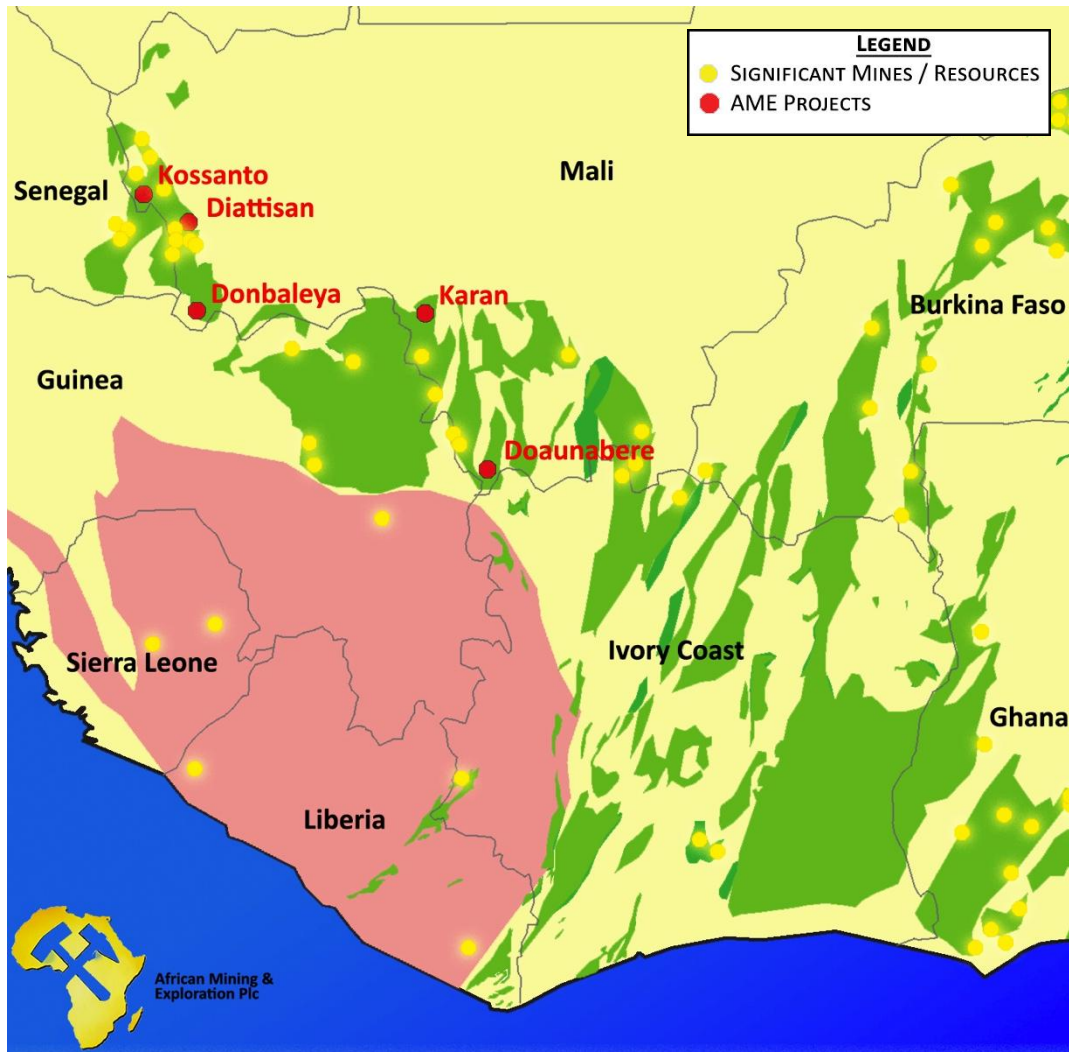
Diatissan Permit

The 872 m of RAB drilling at Diatissan during June located low grade mineralisation of up to 0.4 g/t and intersected large amounts of quartz veining associated with the gold anomalies. Although no economic grades were discovered, the work proved the presence of low grade gold mineralisation with an associated hydrothermal system.

AFRICAN MINING & EXPLORATION PLC

OPERATIONAL HIGHLIGHTS (continued) FOR THE SIX MONTHS ENDED 30 JUNE 2012

Map of AME's Exploration Permits and Significant Mines / Resources



Karan Permit

The sampling of in-situ saprolite using auger and short RAB drill holes was successfully completed over the Farague target, within the 250 km² Karan exploration permit, in April 2012. Positive assay results from the 81 holes confirmed a bedrock source to the anomalous soil and termite geochemistry and indicate a clear trend of increasing gold values, over 50 ppb, towards the Karan Shear Zone. Further geochemical sampling is planned to test this trend.

Soil sampling over the northern part of the Karan Shear Zone is currently being implemented to locate the source of the most anomalous Bulk Leach Extractable Gold (BLEG) stream sediment sample in this area and also over a new and very active area of artisanal workings.

RAB drill fences have been planned and prepared to test the mineralisation, including 17m @ 1.03g/t, previously intercepted during RC drilling. Following detailed structural and geophysical analysis and re-interpretation, RAB fences will be positioned to drill across both proven mineralisation and E-W cross cutting structures, which may play an important role in the local concentration of mineralisation.

AFRICAN MINING & EXPLORATION PLC

**OPERATIONAL HIGHLIGHTS (continued)
FOR THE SIX MONTHS ENDED 30 JUNE 2012**

Warrants Extension

Upon admission to AIM, the Company issued 70,811,500 warrants, the '2010 Warrants'. Each warrant was issued as part of a share and warrant 'unit'. Each 2010 Warrant entitles the 2010 warrant holder to subscribe for one Ordinary Share at 12.5 pence at any time from the date of Admission until the second anniversary of Admission. During 2011 12,861,507 shares were issued in exchange for each '2010 warrant' exercised, leaving 57,949,993 unexercised '2010 warrants' at 31 December 2011, and providing approximately £1.6M of cash to the Company.

The Company would like to extend the 2010 Warrants by a further 2 years as it could provide a zero cost source of future funds up to £7.2M if all outstanding 2010 Warrants are exercised. The Company will, by separate notice, shortly convene a Warrant Holder Meeting to consider this proposal.

Outlook

AME continues to hold discussions with third parties to secure rights, through acquisition or joint venture, on additional licences in the region which will diversify the Company's country risk and enhance the Company's exploration portfolio.

The Company has a cash balance of £2.3M and having demonstrated the team's capability to manage effectively with its additional resources the Company expects exploration milestones to be achieved efficiently and economically. This will provide the necessary funds for high cost resource drilling where the geological opportunity is compelling, such as the opportunity identified at the Kossanto permits which we plan to drill in Q4 this year.

.....

Board of Directors
African Mining & Exploration Plc

Date: 27 September 2012

AFRICAN MINING & EXPLORATION PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2012

| | Notes | Unaudited Six months to 30 June 2012 £ | Unaudited Six months to 30 June 2011 £ | Audited Year ended 31 December 2011 £ |
|--|----------|--|--|---|
| Revenue | | - | - | - |
| Administrative expenses | | (509,866) | (638,846) | (1,530,297) |
| Operating loss | | (509,866) | (638,846) | (1,530,297) |
| Finance income | | 7,299 | 9,446 | 19,445 |
| Loss for the period before tax | | (502,567) | (629,400) | (1,510,852) |
| Taxation | | - | - | - |
| Loss for the period attributable to equity owners of the parent | | (502,567) | (629,400) | (1,510,852) |
| Other comprehensive income | | | | |
| Exchange differences on translating foreign operations | | (66,673) | (18,821) | 5,166 |
| Other comprehensive income for the period | | (66,673) | (18,821) | 5,166 |
| Total comprehensive income for the period attributable to the equity owners of the parent | | (569,240) | (648,221) | (1,505,686) |
| Loss per share attributable to equity owners of the parent expressed in pence per share | | | | |
| Basic and diluted | 2 | (0.60) | (0.78) | (1.84) |

AFRICAN MINING & EXPLORATION PLC

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012**

| | Notes | Unaudited 30 June 2012 £ | Unaudited 30 June 2011 £ | Audited 31 December 2011 £ |
|-------------------------------------|-------|-----------------------------------|-----------------------------------|-------------------------------------|
| Assets | | | | |
| Non-current assets | | | | |
| Intangible assets | 4 | 1,415,737 | 931,520 | 1,167,560 |
| Property, plant and equipment | | 188,320 | 33,310 | 182,726 |
| Total non-current assets | | 1,604,057 | 964,830 | 1,350,286 |
| Current assets | | | | |
| Receivables | | 74,987 | 111,933 | 49,881 |
| Cash and cash equivalents | | 2,652,163 | 4,375,321 | 3,378,474 |
| Total current assets | | 2,727,150 | 4,487,254 | 3,428,355 |
| Total assets | | 4,331,207 | 5,452,084 | 4,778,641 |
| Equity and liabilities | | | | |
| Shareholders' equity | | | | |
| Share capital | 5 | 842,133 | 842,133 | 842,133 |
| Share premium | | 4,997,699 | 4,989,232 | 4,997,699 |
| Foreign currency reserve | | (52,787) | (10,101) | 13,886 |
| Warrant reserve | | 579,500 | 579,500 | 579,500 |
| Share-based payment reserve | | 507,376 | 205,586 | 407,133 |
| Merger reserve | | 572,314 | 572,314 | 572,314 |
| Retained earnings | | (3,207,975) | (1,823,956) | (2,705,408) |
| Total equity | | 4,238,260 | 5,354,708 | 4,707,257 |
| Liabilities | | | | |
| Current liabilities | | | | |
| Trade and other payables | | 92,947 | 97,376 | 71,384 |
| Total liabilities | | 92,947 | 97,376 | 71,384 |
| Total equity and liabilities | | 4,331,207 | 5,452,084 | 4,778,641 |

The interim financial statements on pages 4 to 11 were approved and authorised for issue by the Board of Directors on 27 September 2012 and were signed on its behalf by:

.....
Mark C Jones
 Chief Executive Officer
 Company number: 07307107

AFRICAN MINING & EXPLORATION PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2012

| | Share capital £ | Share premium £ | Foreign currency reserve £ | Warrant reserve £ | Share based payment reserve £ | Retained earnings £ | Merger reserve £ | Total equity £ |
|--------------------------|-----------------------|-----------------------|-------------------------------------|-------------------------|---|---------------------------|------------------------|----------------------|
| At 1 January 2011 | 708,115 | 3,429,561 | 8,720 | 708,115 | 67,771 | (1,323,171) | 572,314 | 4,171,425 |
| Changes in equity | | | | | | | | |
| Issue of share capital | 134,018 | 1,559,671 | - | - | - | - | - | 1,693,689 |
| Exercise of warrants | - | - | - | (128,615) | - | 128,615 | - | - |
| Loss for the period | - | - | - | - | - | (629,400) | - | (629,400) |
| Exchange differences | - | - | (18,821) | - | - | - | - | (18,821) |
| Share based payments | - | - | - | - | 137,815 | - | - | 137,815 |
| At 30 June 2011 | 842,133 | 5,117,847 | (10,101) | 579,500 | 205,586 | (1,952,571) | 572,314 | 5,354,708 |
| Changes in equity | | | | | | | | |
| Issue of share capital | - | - | - | - | - | - | - | - |
| Fundraising costs | - | 8,467 | - | - | - | - | - | 8,467 |
| Loss for the period | - | - | - | - | - | (881,452) | - | (881,452) |
| Exchange differences | - | - | 23,987 | - | - | - | - | 23,987 |
| Share based payments | - | - | - | - | 201,547 | - | - | 201,547 |
| At 31 December 2011 | 842,133 | 4,997,699 | 13,886 | 579,500 | 407,133 | (2,705,408) | 572,314 | 4,707,257 |
| Changes in equity | | | | | | | | |
| Loss for the period | - | - | - | - | - | (502,567) | - | (502,567) |
| Exchange differences | - | - | (66,673) | - | - | - | - | (66,673) |
| Share based payments | - | - | - | - | 100,243 | - | - | 100,243 |
| At 30 June 2012 | 842,133 | 4,997,699 | (52,787) | 579,500 | 507,376 | (3,207,975) | 572,314 | 4,238,260 |

AFRICAN MINING & EXPLORATION PLC

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2012**

| | Notes | Unaudited Six months to June 2012 £ | Unaudited Six months to June 2011 £ | Audited Year ended December 2011 £ |
|---|-------|---|---|--|
| Cash flows used in operating activities | | | | |
| Loss for the period | | (502,567) | (629,400) | (1,510,852) |
| Depreciation charges | | 19,471 | 8,685 | 19,690 |
| Share-based payments charge | | 100,243 | 223,815 | 339,362 |
| Shares issued in lieu of payment to extinguish liabilities | | - | - | 86,000 |
| Finance income | | (7,299) | (9,446) | (19,445) |
| Cash flow used in operating activities before changes in working capital | | | | |
| | | (390,152) | (405,345) | (1,085,245) |
| Increase in trade and other receivables | | (25,553) | (33,084) | 28,968 |
| Increase/(decrease) in trade and other payables | | 15,339 | (137,422) | (154,946) |
| Net cash used in operating activities | | | | |
| | | (400,366) | (576,851) | (1,211,223) |
| Cash flow used in investing activities | | | | |
| Purchase of intangible assets | | (312,890) | (649,637) | (920,476) |
| Purchase of property, plant & equipment | | (19,479) | - | (165,085) |
| Interest received | | 7,299 | 9,446 | 19,445 |
| Net cash used in investing activities | | | | |
| | | (325,070) | (640,191) | (1,066,116) |
| Cash flow from financing activities | | | | |
| Exercise of warrants | 5 | - | 1,607,688 | 1,607,688 |
| Net cash from financing activities | | | | |
| | | - | 1,607,688 | 1,607,688 |
| (Decrease)/increase in cash and cash equivalents | | | | |
| | | (725,436) | 390,646 | (669,651) |
| Cash and cash equivalents at the beginning of the period | | | | |
| | | 3,378,474 | 4,004,606 | 4,004,606 |
| Exchange differences | | (875) | (19,931) | 43,519 |
| Cash and cash equivalents at end of period | | | | |
| | | 2,652,163 | 4,375,321 | 3,378,474 |

AFRICAN MINING & EXPLORATION PLC

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2012

1. BASIS OF PREPARATION

The financial information set out in this report is based on the consolidated financial statements of African Mining & Exploration Plc and its subsidiary companies (together referred to as the 'Group'). The accounts of the Group for the six months ended 30 June 2012, which are unaudited, were approved by the Board on 27 September 2012. The financial information contained in this interim report does not constitute statutory accounts as defined by s434 of the Companies Act 2006.

These accounts have been prepared in accordance with the accounting policies set out in the Annual Report and Financial Statements of African Mining & Exploration Plc for the year ended 31 December 2011. The statutory accounts for the year ended 31 December 2011 have been filed with the registrar of Companies. The auditors' report on those accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498 (2) or 498 (3) of the Companies Act 2006.

The Group financial statements are presented in Pound Sterling.

Based upon cash flow projections the Directors are of the view that the Group has sufficient cash to fund overheads for the next 12 months.

2. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the earnings attributable to the ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

In accordance with IAS 33 as the Group is reporting a loss for both this and the preceding period the share options are not considered dilutive because the exercise of share options and warrants would have the effect of reducing the loss per share.

| Reconciliations are set out below: | Six months to 30 June 2012 | Six months to 30 June 2011 | Year ended 31 December 2011 |
|--|---|---|--|
| Loss per share: | | | |
| Loss attributable to ordinary shareholders (£) | (502,567) | (629,400) | (1,510,852) |
| Weighted average number of shares (number) | 84,213,306 | 80,450,410 | 82,124,728 |
| Basic loss per share basic and diluted (pence) | 0.60 | 0.78 | 1.84 |

AFRICAN MINING & EXPLORATION PLC

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)
FOR THE SIX MONTHS ENDED 30 JUNE 2012**

3. SHARE OPTIONS AND WARRANTS

Upon admission to AIM in 2010, the Company issued 70,811,500 warrants, the '2010 Warrants'. Each warrant was issued as part of a share and warrant 'unit'. Each 2010 Warrant entitles the 2010 warrant holder to subscribe for one Ordinary Share at 12.5 pence at any time from the date of Admission until the second anniversary of Admission. Full terms can be found in the admission document.

During the period to 30 June 2012 no ordinary shares were issued (2011: 12,861,507 shares were issued for 12.5 pence each in exchange for each '2010 Warrants' exercised, for a total cash consideration of £1,607,688).

In addition to the share and warrant units issued as part of the admission to AIM, African Mining and Exploration Plc also operates an approved share option plan for Directors and employees.

4. INTANGIBLE ASSETS (GROUP)

| | Exploration and evaluation assets costs | Other | Total |
|------------------------------|---|---------------|------------------|
| | £ | £ | £ |
| Cost | | | |
| At 1 January 2012 | 1,158,587 | 11,640 | 1,170,227 |
| Additions | 312,890 | - | 312,890 |
| Transfers to tangible assets | (11,536) | - | (11,536) |
| Exchange differences | (51,721) | - | (51,721) |
| At 30 June 2012 | 1,408,220 | 11,640 | 1,419,860 |
| Amortisation | | | |
| At 1 January 2012 | - | 2,667 | 2,667 |
| Charge for period | - | 1,456 | 1,456 |
| At 30 June 2012 | - | 4,123 | 4,123 |
| Net Book Value | | | |
| At 30 June 2012 | 1,408,220 | 7,517 | 1,415,737 |
| At 31 December 2011 | 1,158,587 | 8,973 | 1,167,560 |

AFRICAN MINING & EXPLORATION PLC

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)
FOR THE SIX MONTHS ENDED 30 JUNE 2012

5. SHARE CAPITAL

Allotted, issued and fully paid

| | Six months to 30 June 2012 | | Six months to 30 June 2011 | | Year ended 31 December 2011 | |
|------------------------|--|---------|--|---------|--|---------|
| | £0.01 ordinary shares numbers | £ | £0.01 ordinary shares numbers | £ | £0.01 ordinary shares numbers | £ |
| At beginning of period | 84,213,306 | 842,133 | 70,811,500 | 708,115 | 70,811,500 | 123,615 |
| Other issue | - | - | 540,299 | 5,403 | 540,299 | 5,403 |
| Exercise of warrants | - | - | 12,861,507 | 128,615 | 12,861,507 | 128,615 |
| At end of period | 84,213,306 | 842,133 | 84,213,306 | 842,133 | 84,213,306 | 842,133 |

6. CONTINGENT LIABILITIES

Details of contingent liabilities where the probability of future payments / receipts is not considered remote are set out below, as well as details of contingent liabilities, which although considered remote, the Directors consider should be disclosed.

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

| | 30 June 2012 | 30 June 2011 | 31 December 2011 |
|---|-----------------|-----------------|---------------------|
| | £ | £ | £ |
| Deferred consideration payable for strategic investment in future mining and exploration projects | 1,362,723 | 3,498,450 | 1,492,389 |

On commercial discovery or commencement of mining operations, a fee of \$50,000 and \$1,312,000 will be payable to the Mali Government, for the Diatissan and Karan licence areas respectively. In order to meet the terms of the exploration licences the Group is committed to spend, before March 2014, 1,136,000,000 CFA (£1,451,251), the balance outstanding at 30 June 2012 was 412,268,352 CFA (£506,119). The licences can be surrendered to the Mali Government and these costs would not need to be incurred.

AFRICAN MINING & EXPLORATION PLC

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)
FOR THE SIX MONTHS ENDED 30 JUNE 2012**

7. EVENTS AFTER THE REPORTING DATE

On 2 July 2012 the Company acquired 100% of the Share Capital of Caracal Gold Mali SARL for initial consideration of £125,000, payable in 2 instalments of £62,500. Additional deferred consideration consisting of £1,250,000, payable in cash or shares, after 18 months if the Company elects to keep Caracal Gold Mali SARL, with a further 3,515,000 shares to be issued if the licences acquired provide a reserve of 500,000 ounces of gold. The Company committed to spending up to \$1,500,000 in the 18 months following the acquisition. Additional details of the acquisition are set out in the Operational Review. Effectively the acquisition represents the purchase of six exploration licences and accompanying technical information.

AFRICAN MINING & EXPLORATION PLC

INDEPENDENT REVIEW REPORT TO AFRICAN MINING & EXPLORATION PLC FOR THE SIX MONTHS ENDED 30 JUNE 2012

Introduction

We have been engaged by the company to review the set of financial statements in the half-yearly financial report for the six months ended 30 June 2012 which comprises the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated cash flow statement and related notes.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the rules of the London Stock Exchange for companies trading securities on AIM which require that the half-yearly report be presented and prepared in a form consistent with that which will be adopted in the company's annual accounts having regard to the accounting standards applicable to such annual accounts.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Our report has been prepared in accordance with the terms of our engagement to assist the company in meeting the requirements of the rules of the London Stock Exchange for companies trading securities on AIM and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

AFRICAN MINING & EXPLORATION PLC

**INDEPENDENT REVIEW REPORT TO AFRICAN MINING & EXPLORATION PLC (continued)
FOR THE SIX MONTHS ENDED 30 JUNE 2012**

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2012 is not prepared, in all material respects, in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

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BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).