

- Update on Pearl Gold's situation

The Supervisory and Management Boards of Pearl Gold have been working hard during the past months to find a solution to save Pearl Gold AG as well as its only investment, i.e. 25% shareholding in the company Wassoul'Or SA in Mali. Here, various unexpected obstacles have had to be faced.

On the one hand, Pearl Gold had reached an agreement with one of its major shareholders regarding the financing of its cash requirements. Unfortunately, the company Martagon Investments Ltd., a company controlled by a former member of the Supervisory Board, has not honoured its obligations and has left Pearl Gold AG in a critical financial situation. This situation would have led to the filing of insolvency if Pearl Gold's current board had not found alternative financing for the coming months.

On the other hand, the management of Wassoul'Or SA was neither able to complete the construction of the mine and to put the mine into regular and commercial production nor to assure the financing of Wassoul'Or SA. Consequently, it was obliged to file for a special procedure called "règlement préventif" at the Tribunal de Commerce, in Bamako. This is a procedure comparable to Chapter 11 in the United States. According to the information we obtained in Bamako, Wassoul'Or SA is considered to be insolvent and over indebted. The company is also in a situation of "cessation des paiements" (French equivalent of insolvency) and only receives funds from a company called Mansa Moussa Gold Coins, which is once again controlled by the President of Wassoul'Or SA. With these funds, the company has been able to pay part of the salaries owed to the employees, who did not receive payment for the last eight months. There have been several other financial transactions with this company in the past.

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We filed lawsuits against Wassoul'Or SA after several illicit general Shareholder Meetings were held where the President of Wassoul'Or attempted to dilute our participation in Wassoul'Or by submitting the accounts for 2011 to 2013 for approval without sufficient prior information, or notice. Largely, these accounts are not based on legal grounds as they intend to confirm unjustified shareholder loans in favour of the President of Wassoul'Or SA and several of his companies for tens of millions of Euros.

Furthermore, the purpose of these lawsuits against Wassoul'Or is to obtain the necessary information for Pearl Gold AG's auditors. The President of Wassoul'Or has refused to deliver this information to our company for more than one year. This puts us in a very difficult situation with the German authorities and makes it impossible for us to obtain audited financial statements for the years 2013 and 2014. Pearl Gold will certainly be obliged to pay fines of up to EUR 50,000 if this situation persists.

Finally, we are also trying to take some protective measures with the personal assets of the President of Wassoul'Or SA as well as those of the numerous companies controlled by him as the financial flow between these companies and the President have in the past created an amalgamation of assets.

Our objectives are to safeguard as far as possible the very important claim that our company has against Wassoul'Or, its President and his personal holding company Sodinaf. We intend to put any funds that we recover at the disposal of Wassoul'Or in order to protect the assets of this company as well to prevent their misuse.

The boards of Pearl Gold AG have decided to take all measures at their disposal to prevent the current fraudulent and destructive activities of the President of Wassoul'Or.

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In local radio interviews and paid newspaper articles, The President of Wassoul'Or states that our measures are "activities of predators". In our opinion, it is totally understandable, necessary and legal that a company, whose shareholders have invested over \$ 140 million, is entitled to request justification on the manner in which these funds are being used, on the situation of the investment and on the plans of the current management to save the investment.

In order to inform our shareholders, our partners and the German and Malian authorities, we have put together some newspaper articles dealing with the various aspects of the Wassoul'Or case, which have been recently published in Mali, online on the Pearl Gold website. These articles and the information that we receive from Mali shows the complete incapacity of Wassoul'Or's management to meet the financial needs, legal obligations and industrial challenges that Wassoul'Or is facing today.

In order to illustrate this, we would like to mention that the President of Wassoul'Or ordered seasonal unemployment for 210 employees in January 2014 as technical modifications were to be made at the production plant. He had these employees recalled at the end of July although no modifications had been made in the meantime. Recently, Wassoul'Or terminated 310 employees (the legality of this decision is challenged by the Malian unions and employees), this time for economic reasons.

We are surprised that this decision was not discussed by the Board of Wassoul'Or. This can only mean that the company is insolvent and that a quick solution to the financial problems is remote even though the President of Wassoul'Or publically declared that a new investor for Wassoul'Or has been found.

Pearl Gold's boards have decided to contact the Malian authorities (our co-shareholders in Wassoul'Or) as well as the creditors of Wassoul'Or in order to coordinate joint interests, to find a

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solution to this dramatic situation and to propose solutions for the takeover of Wassoul'Or by its creditors under Pearl Gold's lead.

Further, Pearl Gold has decided to communicate more information about its activities in order to allow full transparency; the same action would also be appreciated from the management of Wassoul'Or.

- Communication will be via press releases, which will be published on our website in three languages. We invite you to visit the Pearl Gold website on a regular basis to avail of such.

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Pearl Gold AG is a project developer and active investor listed in the General Standard of the Frankfurt Stock Exchange, based in Frankfurt. The company focuses on investments in West African exploration and mining corporations, especially in the field of gold and other precious metals. The first investment of Pearl Gold is the Malian mining company Wassoul'Or, in which Pearl Gold has a stake of 25 per cent. Wassoul'Or concentrates on the exploration and production of gold and runs the Kodiéran gold mine in the south of Mali. For further information as well as the securities prospectus visit <http://www.pearlgoldag.com>

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