PROJECT SUMMARY

BIG BEND GOLD MINING PROJECT

MARCH 2011

PROJECT: Establishment of a new placer gold mine introducing modern western dredging technology.

PRINCIPAL: Ikh Tokhoirol XXK, a Mongolia limited liability company owned 100% by Wallace M. Mays through a wholly owned Swiss subsidiary, WM Mining AG.

COUNTRY: Mongolia

SECTOR: Mining - Gold

PROJECT COST: US$30.0 Million

BACKGROUND:
In September, 2007, Wallace M. Mays acquired, through a wholly owned subsidiary in Switzerland, 100% of the outstanding shares of Ikh Tohkoirol XXK (“ITK”), a limited liability company organized under the laws of Mongolia. ITK owns the Big Bend Mining Licenses, which contain 3,396 kilograms (109,195 troy oz) of C-1 Category (Indicated) gold reserves with a value of US$152.9 million at US$1,400 per oz and 2,722 kilograms (87,515 troy oz) of P Category (Prognosis) gold resources with a value of US$122.5 million at US$1,400 per oz - See Table 1.

PROJECT DESCRIPTION:
ITK is developing the gold resources of the Project by introducing modern, efficient placer mining methods to the Zaamar Goldfield. The Big Bend Gold Mining Project is a new placer gold mine, which will employ modern international dredging technology. The operation will also employ concurrent and continuous reclamation so that only the active mining area will be open and unreclaimed.

PROJECT LOCATION AND BACKGROUND:
The Project is part of the Zaamar Goldfield located within the Tuul River Valley, in northern central Mongolia (48°22’ North latitude and 104°28’ East longitude). The Zaamar Goldfield is located approximately 225 kilometers (km) northwest of the capital city Ulaanbaatar, 180 km southwest of Darkhan, 100 km southeast of Erdenet and 30 km northwest of the local administrative center, Zaamar Soum, thus the name of the Zaamar
Goldfield. The Tuul River takes an “S-shaped” turn in the Project area, and thus the name of Big Bend (Figure I-1).

The Zaamar Goldfield is Mongolia’s largest producer of gold with total gold production of 147 tonnes (4.7 million ounces) in the decade from 1998 to 2007. The Zaamar Goldfield occupies approximately 90,000 hectares along the Tuul River Valley. Active gold exploration began in the 1970s and 1980s by Soviet sponsored exploration teams, with gold resources development beginning about 1990 (Dallas, 1999). In December 1998, there were 42 licensed mines (Dallas, 1999); as of January 2003, the Mineral Resources Authority of Mongolia (MRAM) listed 80 licenses, both hard rock and placer, in the Zaamar region (MRAM, 2003).

The Tuul River forms the administrative boundary between the Tov and Bulgan Aimag (provinces). The Project area encompasses part of the Bureghkhangai Soum (district) in the Bulgan Aimag and part of the Zaamar Soum of the Tov Aimag (Figure I-2). The Tuul River is in the Arctic Drainage Basin and is part of the Selenge International River System. The Tuul River originates in the Khentii Mountains, flows through Ulaanbaatar, past the Project area, and then joins the Orkhon River approximately 55 km north of the Project area. The Orkhon River then flows northeast for about 175 km and joins the Selenge River just north of Suhbaatar City, near the border with Russia. From there, the Selenge River flows north and then west for another 175 km and finally into Lake Baikal, the world’s largest freshwater lake by volume.
The Tuul River flows in a classic meandering pattern through floodplains 0.6 to 2.5 km in width. Rounded hills of fluvial origin, many of which are gold bearing, are at the edge of the floodplain. Beyond these, the Great Zagtsag Mountains (1,200 meters above sea level) rise in the west and the Zaamar Mountains (1,300 meters above sea level) stand in the east.

The Tuul River Basin is the most agriculturally and industrially developed part of Mongolia, with a population density of 8.4 people per square km (people/km²) compared to the national average of 1.5 people/km². Industrial activities are centered in Ulaanbaatar, located along the Tuul River 225 km upstream of the Zaamar Goldfield.

**PROJECT BOUNDARIES:**

As previously noted, the Project is located in the Zaamar Goldfield within the Tuul River Valley of northern central Mongolia, at 48°22’ North latitude and 104°28’ East longitude. It is approximately 225 km northwest of Ulaanbaatar, the capital of Mongolia. As shown in **Table I-1** and **Figure I-3**, the Project area comprises three mineral licenses, totaling about 3,170 hectares.
GENERAL DESCRIPTION OF THE PLACER MINING PROCESS

The placer (sand, gravel and clay materials that contain gold) deposits within the Project area are contained in the alluvial deposits of the Tuul River Valley. The depth and thickness of the placers vary, but these deposits are typically 3 to 17 meters below the surface, and 0.2 to 5 meters (m) thick, in the Project area. The material overlying the surface of the placer is referred to as overburden and must be removed to access the placer deposits containing gold.

Two methods are generally utilized to mine placer gold deposits depending on the location, depth and thickness of the placer: 1) alluvial (wet) mining; and, 2) terrace (dry) mining. Alluvial mining is used where the water table is relatively high so that a floating dredge can mine the placer. Terrace mining occurs in more upland locations, where the

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historic river terraces are located, and excavators are used to remove the placer. At the Big Bend Project, only wet mining techniques will be used.

When placer deposits are located below the groundwater level (as at Big Bend), wet mining (i.e., dredging) is the only applicable method to be utilized. Wet mining involves two major steps:

- Removing the overburden using draglines or cutter suction dredges; and,
- Mining the placer deposit with a floating dredge and processing the ore with a floating mineral separation unit.

Wet mining in the region of the project has been designed to sustain cold weather during the winter (Dutch dredges where the mineral separation unit is enclosed can operate at temperatures as low as -40 °C). With the introduction of a suction dredge, all-year-round gold production will be feasible but it is anticipated that seasonal operations will be practiced (April through November) at the Project area.

**PROJECT MILESTONES AND STATUS:**

**2007:**  
- Project acquired in Sept 2007 through acquisition of 100% of shares of Ikh Tokhoirol LLC

**2008:**  
- OPIC US$10.0m Loan Application Submitted
- Completion and Approval of Mongolian Mine Plan
- Completion and Submission of Mongolian General Environmental Impact Assessment to Ministry of Nature and Environment
- Completion and disclosure of International Social and Environmental Impact Assessment (I-SEIA)
- Completion and disclosure of International Social and Environmental Monitoring and Management Plan (I-SEMMP)
- Acquisition of two cutter suction dredges and transport to Mongolia
- On site drilling activities commenced - Block 23

**2009:**  
- Acquisition of additional equipment
- Mineral Separation Plant engineering completed
- Mongolia office and staff procurement
- Liaison with various government - local and national ministries and mine plan, environmental issues

**2010**  
- OPIC US$10.0m Financing completed
- Moveable equipment transported to mine site, assembled and operational
- Mine site camp set-up
- Additional drilling commenced - Block 22
Dredge launch pit completed
Dredges assembled and launched

2011
- Contracts entered into with IHC (engineering and design), Edernet (construction of jigs), PAuse Ltd (trommel and pumps) - primary mineral separate plant components.
- Off-site fabrication commenced at Edernet

OVERSEAS PRIVATE INVESTMENT CORPORATION US$10.0M LOAN

In June 2010, IKH completed a US$10.0m Loan Facility with the Overseas Private Investment Corporation ("OPIC"). OPIC is America's development finance institution, solving critical world challenges by delivering finance innovations that help ambitious U.S. businesses successfully enter, grow and compete in emerging markets.

Establishes as an agency of the U.S. Government in 1971, OPIC enables U.S. businesses to create revenues, jobs and growth opportunities at home and abroad. OPIC helps secure America's competitive foothold in pivotal developing economies, bringing stability to unstable regions, and paves the way for U.S. private capital to help solve our world's most urgent challenges. It does so by providing innovative financial solutions, including debt financing (from large structured finance to small business loans), political risk insurance, and by supporting private equity investment funds. OPIC operates on a self-sustaining basis at no net cost to American taxpayers.

The OPIC Loan application and approval process included extensive background, financial and environmental reviews by OPIC staff, including numerous trips to the mine site in Mongolia.

The Environment

The Office of Investment Policy (OIP) ensures that OPIC-supported projects meet Congressionally-mandated requirements regarding protection of the environment, social impacts, health, and safety. The guidelines and procedures are based in large part on environmental and social impact assessment procedures applied by organizations such as the World Bank Group, the European Bank for Reconstruction and Development, the Inter-American Development Bank and the U.S. Export Import Bank, among others.

OPIC's environmental and social policies and procedures are described in the OPIC Environmental and Social Policy Statement. The policy statement is intended to provide guidance to OPIC’s investors, as well as the interested public, with respect to the environmental and social standards, assessment, and monitoring procedures that OPIC applies to prospective and ongoing investment projects.
OIP reviews all potential OPIC-supported projects. Projects that are likely to have significant adverse environmental or social impacts that are sensitive, diverse, or unprecedented in the absence of mitigation measures are disclosed to the public for a comment period of 60 days.

The Big Bend Project ESIA and SEMMP are located on OPIC's website and can be viewed at https://www2.opic.gov/environmental/eia/bigbend/eia_bigbend.asp.

**Economic Analysis**

The Office of Investment Policy (OIP) is responsible for evaluating the potential economic impact in the U.S. and development impact in the host country for all OPIC-supported projects. OIP ensures compliance with all Congressionally-mandated statutory and policy requirements regarding U.S. economic effects and host country development impacts. This latter analysis, called the Development Impact Profile (DIP), is required by the Foreign Assistance Act of 1961.

OIP relies heavily on information about the proposed project provided by the investor via the OPIC application form. The provision of supplemental materials, including business plans, financial statements, and expected cash flows, assists OIP in generating a comprehensive analysis. Depending on project-specific details, OIP may have follow-up questions for the investor.

**Economic Impact in the US**

OIP conducts an analysis of the project’s expected impact on U.S. employment and U.S. balance of payments flows. Depending on the project, OIP’s evaluation may include an in-depth industry review and forecast of the project’s potential impact on the U.S. economy. In addition, OIP calculates any positive effect of project-specific procurement on U.S. employment.

Some projects are considered sensitive from a U.S. economic perspective. This means that the project sector’s U.S. industry has experienced a decline – usually measured by production, exports, imports, and employment – during the past decade. A project in a sensitive sector would require an in-depth industry analysis and OPIC’s policy has been to deny support for a project that would result in the loss of U.S. jobs.

OPIC has few categorical prohibitions for U.S. effects purposes. The main prohibition covers any project that intends to reduce or eliminate U.S. operations by moving production overseas. In addition, OPIC has policy restrictions that prohibit projects in
certain sectors. Examples of such sectors include gambling, tobacco, alcohol, and munitions production.

**Development Impact in the Host Country**

One of OPIC’s top agency priorities is to strengthen its developmental efforts. To assure that each project receiving OPIC support has a beneficial net impact on the economic and social development of the project’s host country, OIP conducts a development impact analysis. The analysis uses objective measurements to demonstrate the developmental impact of OPIC-supported projects; the results of these analyses are documented in OPIC’s Annual Development Report to Congress.

Factors that are considered when conducting the host country development analysis include:

- Human capacity building and job creation
- Social policies and corporate social responsibility initiatives
- Infrastructure improvements
- Technology and knowledge transfer

**Workers Rights:**

OPIC ensures through its processes that projects receiving OPIC support:

- Respect human rights, including the rights of workers.
- Are undertaken in countries that are taking steps to adopt and implement laws that extend internationally recognized worker rights.

**Human Rights**

The protection of human rights is essential to successful OPIC-supported projects. OPIC’s project human rights review is designed to ensure that OPIC-supported projects meet their statutory requirements, as required by the Foreign Assistance Act of 1961. For each project seeking OPIC support, OPIC works in close consultation with the U.S. Department of State prior to making a final commitment.
PROPOSED ACTIVITIES:

WMMC has initiated a well-organized, modern development program in the Big Bend Project site. This section summarizes future development activities proposed by WMMC.

WMMC plans on introducing efficient placer mining methods and reclamation procedures to Mongolia. Historically, placer mining reclamation in the project region has not been performed, or has been performed poorly (Farrington, 2000; Dallas, 1999). There has been one project (EROL site) where reclamation activity has been completed recently. WMMC will implement a modern, reclamation program that performs continuous reclamation while mining progresses. The mining method will include the following general steps:

1) Strip and stockpile the topsoil – A bulldozer and frontend loader will be used to move topsoil to a stockpile off the mining area for later replacement. Per the current Mongolian government approved plan, no actual mining can occur within 100 m of the river; however, topsoil stockpiling and other mitigation measures (e.g., sediment fencing, filter fabric) may be conducted within 50 to 100 m from the river.
2) Strip the overburden – The overburden will be stripped with a cutter suction dredge.
3) Mining – First, Starting in Block 23, a dredge pond two dredge paths wide (70 meters) by 490 meters long will be excavated by stripping the overburden to 7 meters to allow two dredges and the floating Mineral Separation plant to operate. The leading dredge will strip the overburden and pump it to replace it behind the mining operation. This will reclaim the dredge pond behind the mining operation. The following dredge will mine the ore bearing sand with the tailings replaced to the bottom of the dredge pond. The overburden will be pumped to fill in the dredge pond behind the mining dredge and over the tailings from the floating process plant. The cutter suction dredge will pump the sand to the floating process plant to remove the gold and to place the sand tailings back on the bottom of the dredge pond. The topsoil will be beplaced from the stockpile to the reclaimed dredge path.
4) Processing – A floating processing facility will be used to physically separate the gold and place the tailings. Once the dredge pond will be filled with the overburden, the topsoil will be moved back on top for reclamation.

A detailed description of the mining operations is provided below.
ALLUVIAL WET MINING:

The current mine plan is to utilize modern cutter suction dredge mining methods for applicable alluvial mining areas in the Project area. The dredge method uses a combination of a soil stripping and stockpiling followed by the cutter suction dredge to remove overburden and to mine the placer deposit. The dredge operates in a dredge pond that is utilized for sedimentation and is isolated from the river by an embankment. Dredges do not operate in the river. Water for the dredge pond will be supplied by the copious supply of alluvial groundwater and/or surface water (initial phases only).

The use of a cutter suction dredge (Figure I-4) eliminates the need for a dragline, and therefore, the characteristically high (up to 30 m), steep-sided spoil mounds of draglines currently found in the Zaamar Goldfield will not be created. Overburden is removed directly by the cutter suction dredge and pumped away via a steel pipeline as slurry (small stones, sand, silt and clay), for distances of up to a kilometer or more away, and up to several meters above the dredge pond, if necessary. Initially, the slurry is piped to a slurry deposition zone on the valley sides and then to the moving dredge pond area, on the valley floor. Land building occurs on the terraces, and with reclamation, the slurry deposits will have gentle slopes.

The placer material is converted into a slurry (water, silt, sand, stones) that is piped to a floating wash plant within the dredge pond via a 200-meter floating pipeline. The wash plant contains the mineral separation units that separate the gold from the tailings (Figure I-5). The wash plant utilizes gravity and physical means of separation; no chemicals are used in the process. The mineral separation units will contain scrubber screens and will utilize:

- Trommel sorting and separation;
- IHC trapezoidal three-stage jigs (primary gold recovery); or

Figure I-6 shows the process flow chart of a typical wash plant with jigs, Knelson Concentrators and Shaking Tables. The advantage of these modern mineral separation units is that gold recovery is expected to be at least 93 to 95 percent (compared to the existing operations of less than 80 percent recovery).

For transport and security reasons, all treatment of the minerals will be done in a Gold Room on the wash plant.

Tailings from the wash plant will consist of oversize material, which will be deposited in the dredge pond to the rear of the floating wash plant; and, the fine fraction, which will be pumped as slurry to the slurry settling area. This creates a more natural size distribution of materials, with fines on top and coarser materials at the bottom, which contrasts with current Russian dredge operations. Water from the slurry settling areas will be collected and recycled back to the dredge pond to prevent discharge to the Tuul River.
Topsoil will be stockpiled and used to reclaim the slurry spoil areas. The slurry spoil areas will be contoured to have gentle slopes and will be revegetated.

Reclamation will proceed concurrently with mining, similar to what is depicted in Figure I-7, a placer operation in northern Mongolia presents a schematic generic drawing of the continuous reclamation process. WMMC will modify this process by using the double-dredge method instead of excavators to remove the overburden and placer; and, will slurry the overburden away from the immediate floodplain to a tailings deposition area, leaving more open water habitat.

Draglines will no longer be required, which, first, eliminates environmental problems associated with large overburden mounds created by draglines; and secondly, solve the problem of draglines being not efficient in removing overburden beneath the water table. Furthermore, instead of leaving a “reversed” tailings profile as with the Russian dredges that are currently in use in the Zaamar region (i.e., fine grained tailings at the bottom and coarse grained tailings at the top), the double dredge system produces a more natural tailings profile (i.e., coarse grained fraction on the bottom and fine grained tailings on top), which makes reclamation and revegetation much easier and more effective. Therefore, the “double dredge” method proposed for this project is operationally more efficient and flexible, and environmentally more sensitive than the “dragline with single dredge” method currently used in Mongolia.

The use of modern recovery techniques, using trapezoidal jigs, is much more effective in recovering fine gold than current Russian dredging using sluices, thus improving economic recovery of Mongolian gold resources. There is more revenue to the Mongolian government using this technique.
Figure I-4    Sketch Diagram of a Cutter Suction Dredge (IHC Beaver)
Figure I-5  
A Floating Wash Plant Used in Wet Placer Mining

Figure I-6  
Operating Flow Chart of a Mineral Separation Plan
Figure I-7  Placer Mining with Concurrent Reclamation

(Note: Reclamation proceeding from left to right following mining operations. Topsoil is stockpiled and spread over newly reclaimed areas with new vegetation evident on the far left of the photograph.)
KEY PERSONNEL:

- Wallace M. Mays, a registered professional engineer with more than 32 years of mining experience, including operating the Dornod Uranium Mine in Mongolia.
- Gerrit Bazuin, a graduate engineer who is trained and qualified to operate dredge mines with 28 years experience with IHC Hollands, the world’s leading designer and manufacturer of dredges for mining and civil works, with more than 8 years placer gold mining experience in Mongolia.
- Jamsrandorj, a PhD geologist, formerly the Director of Geology for Mongolia and especially experienced in the Zamaar (Big Bend) placer gold deposits having written his PhD dissertation on these deposits.
- Dashtsenjin, an electrical engineer with extensive administrative experience in foreign joint ventures.
- Frank McBride, an experienced electrical/mechanical engineer with years of experience in Mongolia.
- Delgersoo, an experienced geologist with experience in operating placer gold mines and other mines in Mongolia.
Gold Reserves

The gold reserves of mining License 7712A, 7713A and 4121A were determined by G.Jamsrandorj. Considerable due diligence was undertaken, by analysis of reports and borehole records housed in the Mongolian government archives (State Geofund). The economic gold reserves of above named licenses as calculated on a borehole-by-borehole basis by the present study are as follows:

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Conversion to troy oz's: 32.15
1 kg = 32.15 troy oz.
109,195.2
**Prognosis Reserves**

In the Big Bend area, a total of 5 Prognosis Blocks (C26-C30) were recognised that have economic reserves on a borehole-by-borehole bases, but the prospect lines are considered to be too far apart to justify and of the 5 Prognosis Blocks being classified as Economic Reserves. Additional infill drilling is essential in order to increase the degerere of confidence in the geometry (lateral margins, upper boundaries, lower boundaries), continuity, and grades of these 5 Prognosis Blocks in order to permit considerations of reclassification of these resources as Economic Reserves, or to justify encompassing within the Dredge Envelope. The most significant risks to reclassification as Economic Reserves at a later date are considered to be a risk of a fall-off in grades in the intervals between the existing prospect lines, and a risk of excessive overburden in some instances.

The five Prognosis Blocks are summarized below:

<table>
<thead>
<tr>
<th>Block No.</th>
<th>Block Area m²</th>
<th>Over-burden thickness M</th>
<th>Placer thickness M</th>
<th>Over-burden volume m³</th>
<th>Placer volume m³</th>
<th>Placer Grade mg/m³</th>
<th>Gold Reserves Kg</th>
</tr>
</thead>
<tbody>
<tr>
<td>B5</td>
<td>2,500</td>
<td>4.07</td>
<td>1.98</td>
<td>10,180</td>
<td>4,950</td>
<td>529</td>
<td>2.62</td>
</tr>
<tr>
<td>B6</td>
<td>52,300</td>
<td>5.16</td>
<td>1.26</td>
<td>269,670</td>
<td>65,700</td>
<td>586</td>
<td>38.52</td>
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<tr>
<td>B7</td>
<td>35,600</td>
<td>6.90</td>
<td>2.24</td>
<td>245,640</td>
<td>79,670</td>
<td>372</td>
<td>29.65</td>
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<tr>
<td>B23</td>
<td>35,100</td>
<td>13.81</td>
<td>2.05</td>
<td>485,320</td>
<td>71,960</td>
<td>562</td>
<td>40.44</td>
</tr>
<tr>
<td>B24</td>
<td>77,500</td>
<td>9.31</td>
<td>3.38</td>
<td>721,400</td>
<td>261,950</td>
<td>365</td>
<td>95.59</td>
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<tr>
<td>C26</td>
<td>35,100</td>
<td>18.29</td>
<td>4.16</td>
<td>12,436,440</td>
<td>2,825,780</td>
<td>483</td>
<td>1,261.81</td>
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<tr>
<td>C27</td>
<td>200,000</td>
<td>22.89</td>
<td>2.76</td>
<td>4,577,780</td>
<td>551,110</td>
<td>823</td>
<td>419.07</td>
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<tr>
<td>C28</td>
<td>380,000</td>
<td>28.82</td>
<td>2.31</td>
<td>10,950,910</td>
<td>877,450</td>
<td>718</td>
<td>581.74</td>
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<tr>
<td>C29</td>
<td>356,000</td>
<td>16.44</td>
<td>2.68</td>
<td>5,852,640</td>
<td>954,080</td>
<td>833</td>
<td>734.31</td>
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<tr>
<td>C30</td>
<td>458,000</td>
<td>17.85</td>
<td>2.5</td>
<td>8,175,300</td>
<td>1,145,000</td>
<td>579</td>
<td>612.83</td>
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<tr>
<td>Total</td>
<td>1,672,600</td>
<td>19.53</td>
<td>2.58</td>
<td>32,670,800</td>
<td>4,324,590</td>
<td>629</td>
<td>2,722.09</td>
</tr>
</tbody>
</table>

Conversion to troy oz's: 32.15

Troy oz - P reserves: 87,515.2

1 kg = 32.15 troy oz.
BIG BEND PLACER GOLD PROJECT
MONGOLIA

OPIC FINANCE AGREEMENT

PROJECT UPDATE

JANUARY 1, 2011
PROJECT UPDATE - JANUARY 1, 2011

On June 21, 2010, Ikh Tohkoirol LLC received the first US$7.0m tranche of a US$10.0m loan facility with the Overseas Private Investment Corporation. Proceeds from the funding were utilized in the following activities from June 21, 2010 through September 30, 2010:

- Repay Golomt Bank and Private Party Bridge Loans
- Pay back salaries and administrative costs
- Settle Customs liabilities - dredge equipment
- Acquire two drill rigs and misc equipment - begin drilling operations
- Settle payments on CAT equipment to Wagner Asia
- Fund land payments to Suoms and MRAM exploration payments
- Settle payment to IHC Merwedes on MSP engineering
- Road improvements completed
- Transport of all movable equipment to mine site
- Assemble dredges and dig launch pit
- Temporary camp set-up
- Goodwill trip to mine site - US Embassy and Local officials

On December 13, 2010, Ikh Tokhoirol LLC received the second US$3.0m of a US$10.0m loan facility with the Overseas Private Investment Corporation. Proceeds from the funding were utilized in the following activities through January 1, 2011:

- Payments of remaining amounts to Wagner Asia for CAT Equipment
- Initial deposits for Mineral Separation Plant components (four contracts signed with IHC Merwedes, Erdenet, Weir Minerals and Erdenet).
- Payments of annual insurance and administrative costs.
Major Milestones:

1. Settlement with Customs and Transport of Equipment - During July/August, all remaining Customs liabilities (VAT and Duty) were determined and paid in full. Such amounts related to the import of dredge equipment and other materials. The total amount paid was approximately US$444,000, which also included storage charges. All equipment was released from Customs yard and transported (over 50 truck loads) to site via local trucking contractors and transport equipment.

2. Wagner Asia - D9 Dozer Payments - Wagner Asia, a major supplier of CAT Equipment and vehicles, agreed on a payment schedule that allowed Ikh Tokhioirol to take possession of the D9 Dozer and begin utilizing the equipment in road and mine development on site. Total payments made were approximately US$532k.
3. Drilling Rigs and Equipment - in order to continue drilling to further define the mineral resource for dredging activities, Ilk Tohkorol acquired two drill rigs and employed over a 25 Mongolian personnel to begin drilling activities and further precisely define the gold resource. The drill rigs were moved to site and activities commenced in July.

4. Camp Set-up - the Company acquired and set-up a temporary camp and continues to procure the necessary equipment and modifications to "winterize" and "modernize" the facilities utilizing brand new gers and built out containers. A septic system, modern heating and hot showers are in the process of being contracted for.
5. Dredge Set-up and Launching - both the Cornelus and Roland III dredges have been moved to site and are being assembled, utilizing the same team of people that dis-assembled and supervised transportation of dredges to UB. At the same time, a dredge launch pit has been dug and the dredges are being prepared for launch and start-up. Spare parts have been delivered and it is the dredges were mostly operational before the winter season set in (by the end of November).
6. Goodwill site visit with US Embassy Personnel and Zaamar Governor/Chairman 
   Citizens Committee - English, Mongolian and Russian Project Brochures completed 
   and distributed.

7. Mineral Separation Plan - numerous meetings have been held with IHC Hollands to 
   complete the final plant design and engineering and to coordinate the fabrication of 
   the Mineral Separation Plant. In the last month, Mr. Mays and Ikh Tohkoirol LLC met 
   with Erdent Mining Corporation (EMC), one of the largest Ore mining and Ore 
   processing factories in Asia. EMC was established in accordance with an agreement 
   between governments of Mongolia and the former Soviet Union and is connected 
   with East-Siverian railway network via Naushki station and to the Chinese railway 
   network through Erlyan. EMC is located in Erdenet, the second largest city in 
   Mongolia, which was built in 1975 to exploit Asia's largest deposit of cooper ore and 
   the 4th largest copper mine in the world. EMC. EMC has agreed (subject to final 
   contract negotiations) to a) use their staff to design and engineer final fabrication 
   plans for mineral separation plant and b) use their staff and facilities to fabricate and 
   assemble the mineral separation plant. As the EMC plant and facilities are less than 
   200km from the Big Bend mine site, this will facilitate a much more efficient process 
   of building and installing the plant. Estimated time frames for completion are two 
   months for fabrication drawings and 3 1/2 months for fabrication. This arrangement 
   will provide a much clearer and definitive schedule for completing the only major 
   component remaining to get to production by late spring/early summer of 2011.

8. Mongolia Personnel - Employment contracts are in place for all Mongolia personnel - 
   63 employees in total have been hired or retained to date.
9. Contacting commenced for Mineral Separation Plant components. Four major contracts executed and initial deposits made. Photos below showing progress on Jig Components (being fabricated at Erdenet) and meeting with Erdenet engineering department on March 17, 2011.