

"BUDUUNII GOL" Placer Gold Open-Pit Mining Project

* Investment Option 1 — Investment, Revenue, Net Profit & Payback Period

Total Investment

Approx. KRW 10.1 Billion

Revenue

Approx. KRW 129.84 Billion

Net Profit

KRW 73.4 Billion

* Payback Period: Approx. 1 Year

* Investment Option 2 — Investment, Revenue, Net Profit & Payback Period

Total Investment

Approx. KRW 12.1 Billion

Revenue

Approx. KRW 129.84 Billion

Net Profit

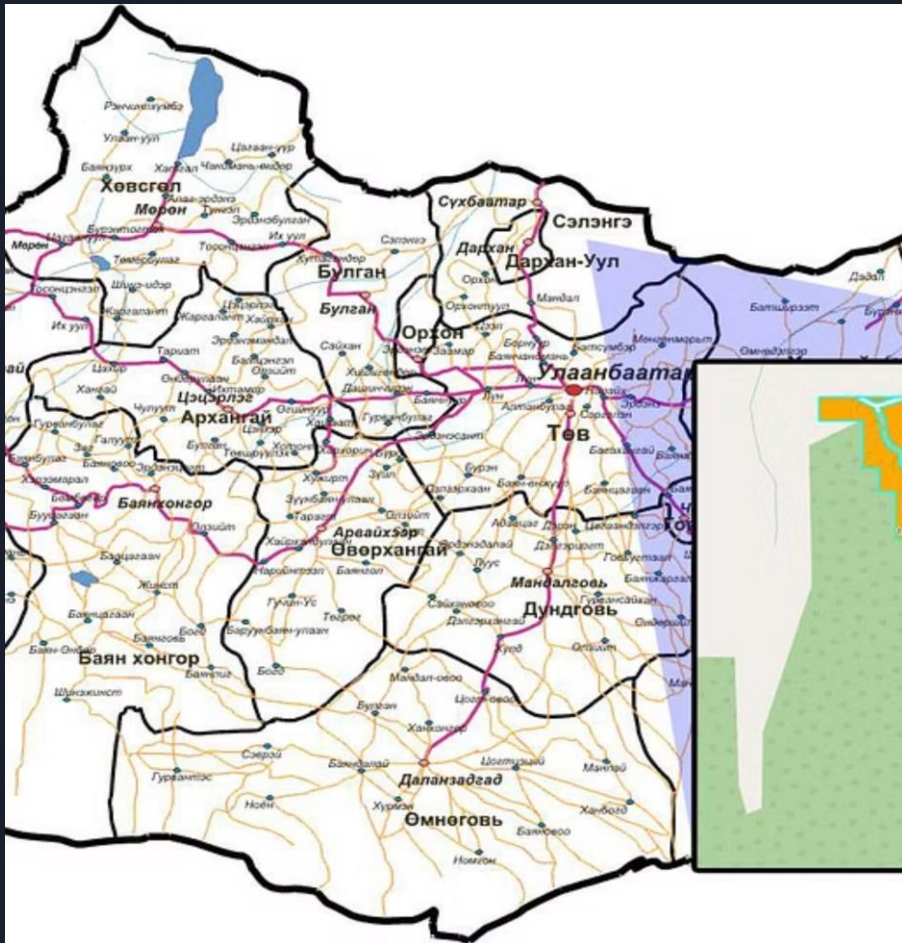
KRW 66.5 Billion

* Payback Period: Approx. 1 Year

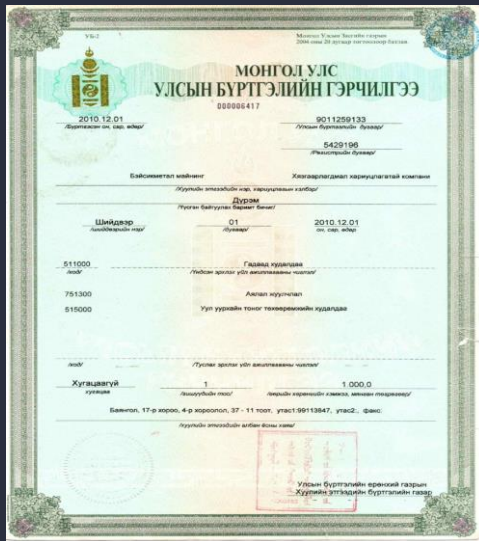
"BUDUUNII GOL"

Placer Gold Open-Pit Mining Project

"BASICMETAL MINING" LLC's placer gold development project in Khuder soum, Selenge Province, Mongolia. Located approximately 290km from Ulaanbaatar and about 12km southeast of Khuder soum center. Registered under mining license number MV-014548.



Business Registration Certificate



Mongolia State
Registration Office

Bank Transaction Records

[illegible]

Joint foreign-invested company bank records

**Mining License
No. 14548A**



30-year license
637 hectare area

Reserve Registration Order No. N/48 by the Director of Mineral Resources Authority, dated June 29, 2017, and Reserve Calculation Summary



АШИГТ МАТЛМАЛ ГАЗРЫН ТОСНЫ
ГАЗРЫН ДАРГЫН
ТУШААЛ

2017 оны 06 сарын 29

Дугаар: 1/48

Улаанбаатар хот

Нөөц хүлээн авч, бүртгэх тухай

Засгийн газрын Агентлагийн эрх зүйн байдлын тухай хуулийн 8 дугаар зүйлийн 8.4 дэх хэсэг, Ашигт матлмалын тухай хуулийн 48 дугаар зүйлийн 48.4 дэх хэсэг, Уул уурхай, хүнд үйлдвэрийн сайдын 2016 оны 23 дугаар тушаалаар батлагдсан Эрдс бэлгийн мэргэжлийн зөвлөлийн дүрмийн 3.1 дэх хэсэг, Эрдс бэлгийн мэргэжлийн зөвлөлийн 2017 оны 06 дугаар сарын 09-ний өдрийн хуралдааны ХХ-10-02 дугаар дундгийг тус тус үндэслэн ТУШААХ нь:

1. Сэлэнгэ аймгийн Хүдэр сумын нутагт орших MV-014548 дугаартай тусгай зөвшөөрлийн талбайд хамаарах "Бүдүүний гол" нэртэй алтны шороон ордын нөөцийг зохиогчийн тооцоолоосон хувилбараар хүснэгт №1-ийн дагуу хүлээн авсугай.

2. Хүлээн авсан алтны нөөцийг ашигт матлмалын нөөцийн Улсын нэгдсэн тоо бүртгэлд бүртгэж, нөөцийн хөдөлгөөн хийхийг Эрдс бэлгийн мэдээллийн технологийн төв Г.Зонсаяханд зөвшөөрсугай.

3. Сэлэнгэ аймгийн Хүдэр сумын нутаг дахь "Бүдүүний гол" нэртэй алтны шороон ордын нөөцийн тодотгол тайланг тайлагнгийн бичвар дэсгийн хамт ЗЕМЗ-ийн хуралдааны дүнгийг, тушаалыг хүлээн авсан өөрөөр хойш ажлын 5 өдөрт бусад Эрдс бэлгийн мэдээллийн технологийн төвийн архивт хүлээлгэн өгөхийг "Баиксметал майнинг" ХХК /Г.Зонсаяханд/ давласугай.

ДАРГА

Б.БААТАРЦОГТ

Хөтлөх хэргийн 3-1-д
Р.Оюунцагч

Tushaalin

10 0704

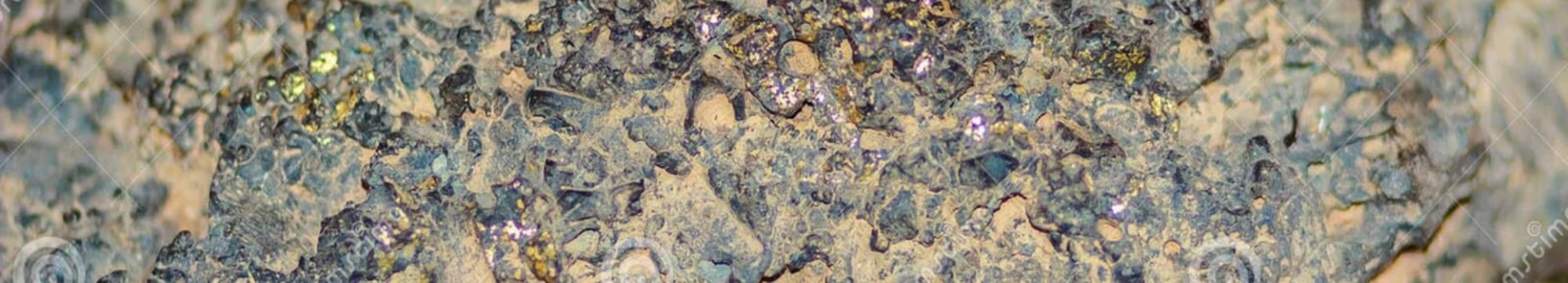
ЗЕМЗ-ийн 2017 оны 06 сарын
09-ний хуралдааны
ХХ-10-02 дугаар дүнгийн хувиар

MV-014548 тусгай зөвшөөрлийн талбай дахь Бүдүүний гол алтны шороон ордын
хуулар хоргодоогүй талбайн нөөцийн тодотгол тооцооны нэгдсэн хүснэгт

Сорьц 908

Хүснэгт №1

д/д	Нөөцийн эрэг, нөөцийн дугаар	Блоккийн талбай, м²		Дундаж уузын, м		Эзлэхүүн, м³		Алтын дундаж ажуул, мг/м³	Алтын нөөц шунг, кг	Алтын нөөц л/м³
		Хорс	Элс	Хорс	Элс	Хорс	Элс			
1	2	3	4	5	6	7	8	9	10	
1	B-2	19738.51	25.69	0.71	507090.39	14036.27	468.97	6.58	5.98	
2	B-3	19717.60	22.27	0.76	439045.23	14897.74	894.59	13.33	12.10	
3	B-4	21150.66	19.56	0.91	413783.82	19227.87	1190.69	22.89	20.79	
4	B-5	20565.34	19.49	1.04	400833.27	21312.96	1149.56	24.50	22.25	
5	B-6	26463.78	18.85	1.11	498962.54	20350.74	1464.34	42.98	39.03	
6	B-7	24595.85	18.65	1.13	458824.40	27726.23	1571.35	43.57	39.56	
7	B-8	31611.40	18.54	1.03	586026.72	32584.06	511.13	16.65	15.12	
8	B-9	65864.10	18.35	1.08	120866.24	71352.78	1139.86	81.33	73.85	
9	B-10	43954.80	17.95	1.12	788819.69	40926.51	939.94	46.08	41.84	
10	B-11	30341.76	17.83	1.07	540892.44	32164.54	963.29	31.18	28.31	
11	B-12	21297.57	18.82	0.95	39087.91	20050.79	2004.69	40.20	36.50	
12	B-13	20421.14	18.86	1.06	38142.70	21646.41	2371.57	51.34	46.61	
13	B-14	15288.68	18.45	1.10	282076.15	16817.53	1349.70	22.70	20.61	
14	B-14-2	4933.02	16.53	0.73	81559.26	3617.55	1114.18	4.03	3.66	
15	B-15	12166.89	18.06	0.94	219497.63	11471.35	1002.79	11.50	10.45	
16	B-15-2	7240.62	19.07	0.80	13805.49	3792.50	1391.17	8.07	7.33	
17	B-16-2	6259.99	18.80	0.75	117687.81	4694.99	1335.87	6.27	5.69	
18	B-17	24590.56	18.27	1.24	449187.56	30601.59	678.79	20.77	18.86	
19	B-18	25990.74	18.34	1.55	476611.85	40384.06	667.39	26.95	24.47	
20	B-20	15912.07	17.33	1.47	275809.21	23337.70	983.59	22.95	20.84	
21	B-21	11410.60	17.44	1.48	199000.86	16887.69	1120.30	18.92	17.18	
22	B-25	12360.60	10.40	0.88	128550.66	10877.36	401.82	4.37	3.97	
23	B-26	14547.74	10.49	0.86	152431.45	12469.49	389.77	4.86	4.41	
24	B-27	7012.88	10.85	0.95	76089.75	6662.24	394.11	2.63	2.38	
25	B-28	18231.21	10.87	0.83	198112.48	15192.68	650.12	9.88	8.97	
26	B-29	21611.56	10.98	0.84	223294.03	18133.71	903.62	16.40	14.89	
27	B-30	23999.83	11.22	0.80	269234.46	19109.86	853.89	16.39	14.89	
28	B-31	22423.94	11.34	0.80	254287.48	17939.15	782.88	14.04	12.75	
29	B-32	16344.08	11.40	0.83	186322.51	13483.87	710.64	9.58	8.70	
30	B-33	16271.76	11.58	0.68	182454.62	10983.44	415.41	4.56	4.14	
31	B-34	15436.26	11.71	0.69	180824.76	10584.86	460.88	4.88	4.43	
32	B-35	12603.62	11.73	0.80	147882.47	10082.90	607.08	6.12	5.56	
33	B-36	11884.45	11.80	0.73	140260.11	8716.73	1060.86	9.35	8.40	
34	B-37	10289.02	11.63	0.83	119695.00	8574.18	910.56	7.81	7.09	
НИЙТ /В/		672443.4	12.34	0.74	11146214.4	670102.6		673.57	611.60	



Reserve Indicators

709.6

Gold-Bearing Sand Volume

thousand m³ (Geological Reserves B+C)

640.6

Gold Reserves

kg (Chemically Pure Gold)

800

Average Grade

mg/m³

This mine, classified as Geological Reserve B+C grade, has stable gold content and excellent average grade, enabling economically viable extraction.

Mine Geology & Reserve Overview

Deposit Type

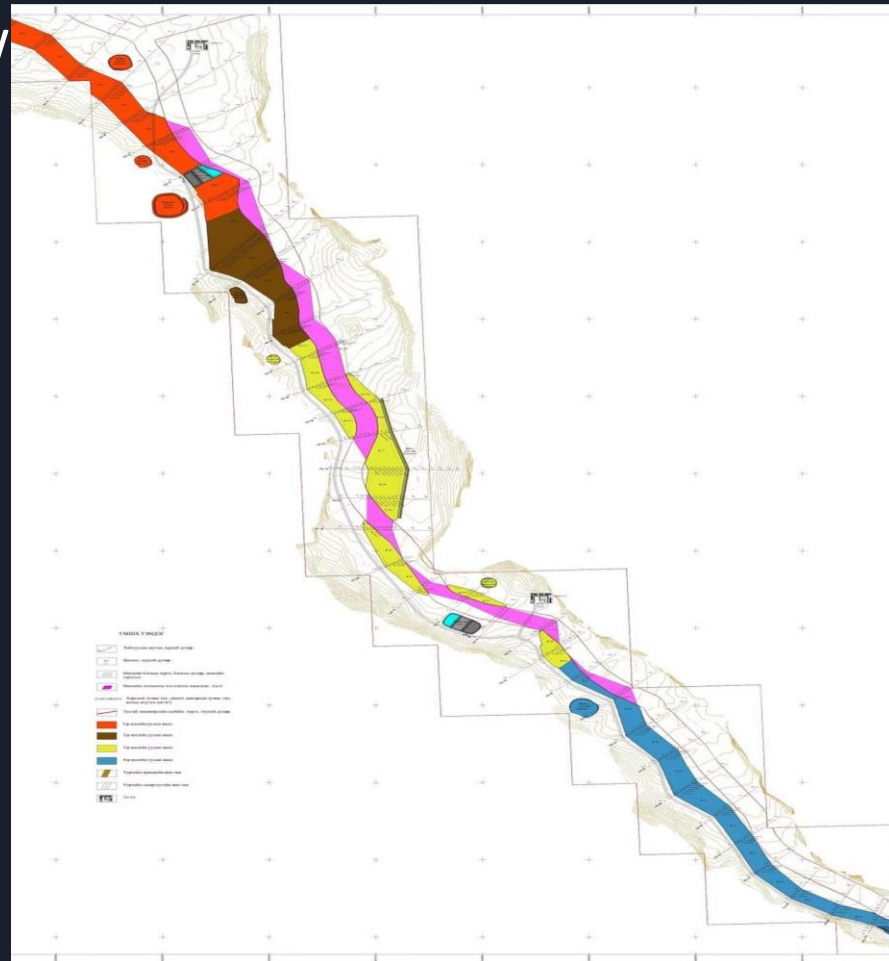
A placer gold mine of fluvial alluvial-fan origin, classified as a Group II deposit accumulated in loose river sediments.

Deposit Structure

Distributed along a V-shaped valley, consisting of a single gold-bearing layer.

Geological Characteristics

Average topsoil thickness approx. 18.6m; effective ore layer avg. thickness approx. 1.0m. No permafrost — simple geological conditions.



Mining & Operations Plan

Operations Overview

- Mining Method: Open-Pit Mining
- Operating Period: 4 Years
- Annual Operation: 7 Months (April–October)
- Work System: 2 Shifts, 10 Hours per Shift

Production Plan

- Stripping Ratio: Approx. $18.6 \text{ m}^3/\text{m}^3$
- Annual Washed Gold Layer: Approx. $180,000 \text{ m}^3$

Through an efficient 2-shift system and seasonal operation strategy, optimal productivity is secured with a systematic 4-year mining plan.





Processing Technology

01

Gravity Concentration

An efficient concentration technique utilizing the specific gravity difference of gold is applied.

02

Process Water Usage

Approximately 2,725,000 m³ of process water is used annually to wash the sand.

03

Clean Water Supply

Approximately 817,000 m³ of clean water is used annually for the final refinement process.



Equipment & Infrastructure

Excavator

2 units of Doosan 100 model for efficient earthwork operations.

Dump Truck

10 units of Howo-371 for rapid transport of large volumes of ore and soil.

Bulldozer

2 units of Shantui SD-23 for site clearing and earthwork.

Washing Equipment

3 sets of fine-particle gold sorting & washing equipment currently in possession.

Stable power supply via diesel generators with 40–114 skilled personnel responsible for mine operations.

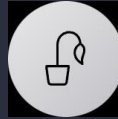


Environmental Protection & Rehabilitation Plan



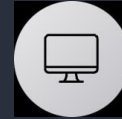
Environmental Impact Minimization

Comprehensive protection measures are established and implemented to minimize environmental impacts that may occur during the mining process.



Rehabilitation Plan

Technical and biological rehabilitation plans are pursued after mine closure to restore the land to its original state.



Continuous Monitoring

Systematic monitoring programs for water resources, soil, and vegetation are operated to practice environmental conservation.

❑ Investment Option 1 Overview

Purchase additional heavy equipment beyond what is currently owned and perform topsoil work using our own capabilities.

Advantages: Increased net profit **Disadvantages:** Higher investment & headcount, personnel management

Investment Summary:

No.	Item	Amount (USD)	Amount (KRW)
1	License Acquisition Cost	5,500,000	7,975,000,000
2	Heavy Equipment & Others	758,621	1,100,000,000
3	Camp	265,252	384,615,385
4	Salaries	137,931	200,000,000
5	Transportation	103,448	150,000,000
6	Fuel	93,103	135,000,000
7	Miscellaneous Expenses	137,931	200,000,000
Total Investment		6,996,286	10,144,615,385

* Development work can begin immediately with the above investment amount. Additional equipment will be funded from gold sales proceeds.

Additional Equipment to be Purchased After Development Begins:

No.	Equipment	Units
1	Excavator Doosan 100 ton	2
2	Dump HOWO-371	10
3	Bulldozer Shantui SD-23	2
Total Units		14

Additional Equipment Cost Summary:

No.	Equipment	Units	Current Price	Amount (USD)	Amount (KRW)
1	Excavator Doosan 100t	2	878,873	1,757,746	2,548,732,394
2	Dump HOWO-371	10	146,479	1,464,789	2,123,943,662
3	Bulldozer Shantui SD-23	2	197,746	395,493	573,464,789
Total		14		3,618,028	5,246,140,845

Development Operating Expenses:

No.	Expense Item	Amount (USD)	Amount (KRW)
1	Labor Costs	6,240,411	9,048,596,338
2	Fuel	8,820,000	12,789,000,000
3	Lubricants, Oil, Hydraulic Oil, etc.	503,434	729,979,821
4	Consumables, Tires & Parts	759,549	1,101,346,479
5	License Maintenance Fee	14,085	20,422,335
6	Meals	1,097,915	1,591,977,465
7	Safety Management	563,380	816,901,408
8	Water Usage Fee	632,112	916,562,400
9	Transportation	788,000	1,142,600,000
10	Local Soum MOU Contract Fee	1,000,000	1,450,000,000
11	Sorter Parts & Components	500,000	725,000,000
12	Equipment & Vehicle Tax, Insurance	150,000	217,500,000
13	Environmental Rehabilitation	880,000	1,276,000,000
14	Other Possible Expenses	1,500,000	2,175,000,000
Total		23,448,887	34,000,886,456

Revenue Summary:

No.	Gold Sold (kg)	Gold Price (MNT)	Total Revenue (MNT)	Mineral Tax 5% (MNT)	Revenue after Tax (MNT)	USD	KRW
1	640.6	527,000,000	337,596,200,000	16,879,810,000	320,716,390,000	90,342,645	123,352,457,692

Profit Summary:

No.	Revenue after Tax	Investment (incl. add. equip.)	Total Expenses	Corporate Tax	Net Profit (USD)	Net Profit (KRW)
1	90,342,645	10,614,314	23,448,887	5,627,944	50,651,500	73,444,674,420

Net Profit (USD)

USD 50,651,500

Net Profit (KRW)

KRW 73.4 Billion

Payback Period

Approx. 1 Year

Investment Option 2 (Using Specialized Topsoil Contractor)

Investment, expense, and profitability summary where topsoil work is contracted out to a specialized firm without additional equipment investment.

Advantages: Reduced personnel & equipment management costs, higher work efficiency **Disadvantages:** Lower net profit

Investment Summary:

No.	Item	Amount (USD)	Amount (KRW)
1	License Acquisition Cost	5,500,000	7,975,000,000
2	Heavy Equipment & Others	758,620	1,100,000,000
3	Camp	265,251	384,615,384
4	Salaries	137,931	200,000,000
5	Transportation	103,448	150,000,000
6	Fuel	93,103	135,000,000
7	Topsoil Work Advance Payment	1,000,000	1,450,000,000
8	Other Expenses	500,000	725,000,000
Total Investment		8,358,355	12,119,615,385

Development Operating Expenses (Option 2):

No.	Expense Item	Amount (USD)	Amount (KRW)
1	Labor Costs	2,411,273	3,496,346,197
2	Fuel	2,194,648	3,182,239,437
3	Lubricants, Oil, Hydraulic Oil, etc.	158,116	229,268,282
4	Consumables, Tires & Parts	123,831	179,554,930
5	License Maintenance Fee	14,085	20,422,335
6	Meals	406,986	590,129,577
7	Safety Management	106,141	153,904,225
8	Water Usage Fee	632,112	916,562,400
9	Transportation	350,000	507,500,000
10	Local Soum MOU Contract Fee	1,000,000	1,450,000,000
11	Sorter Parts & Components	500,000	725,000,000
12	Equipment & Vehicle Tax, Insurance	50,000	72,500,000
13	Environmental Rehabilitation	880,000	1,276,000,000
14	Topsoil Work Fee	21,128,926	30,636,942,700
15	Other Possible Expenses	1,000,000	1,450,000,000
Total		30,956,117	44,886,370,283

Topsoil Work Cost Calculation:

No.	Item	Volume (M³)	Unit Price/1m³ (USD)	Total (USD)	Total (KRW)
1	Topsoil Work	12,428,780	1.70	21,128,926	30,636,942,700

Revenue Summary:

No.	Gold Sold (kg)	Gold Price (MNT)	Total Revenue (MNT)	Mineral Tax 5% (MNT)	Revenue after Tax (MNT)	USD	KRW
1	640.6	527,000,000	337,596,200,000	16,879,810,000	320,716,390,000	90,342,645	123,352,457,692

Profit Summary:

No.	Revenue after Tax	Investment	Total Expenses	Corporate Tax	Net Profit (USD)	Net Profit (KRW)
1	90,342,645	8,358,355	30,956,117	5,102,817	45,925,356	66,591,765,765

Net Profit (USD)

USD 45,925,356

Net Profit (KRW)

KRW 66.5 Billion

Payback Period

Approx. 1 Year

A photograph of a long, straight asphalt road stretching towards a bright sunset on the horizon. The sky is filled with orange and yellow clouds, and the sun is a large, glowing orb in the center of the horizon. The road is flanked by dry, grassy fields and some distant hills. The overall mood is warm and hopeful.

If you provide us with a reliable foundation,
we will respond with results that live up to it.

"We deeply appreciate your valuable interest."