THE MINERAL CORPORATION

ADVISORS TO THE MINERAL BUSINESS

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Prepared on behalf of
TAUNG GOLD LIMITED

UPDATED COMPETENT PERSONS REPORT ON THE BASAL REEF EVALUATION, JEANETTE PROJECT, REPUBLIC OF SOUTH AFRICA

The Mineral Corporation
Report No. C-TAU-MRE-1662-994
29 February 2016

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EXECUTIVE SUMMARY

The Mineral Corporation was requested by Taung Gold Limited (Taung) to provide an updated Competent Persons Report for the Basal Reef Mineral Resource estimates within the Jeanette Mine Project area in the Free State Province. This has been completed based on the database of drilling data that was available in November 2012 which comprises surface drilling results, some underground sampling results, the final structural interpretation based on the 3D seismic survey conducted in 2011 and 2012, the Pre-Feasibility Study Report dated August 2014 and its revision dated February 2016.

The Jeanette Mine Project is located in the Free State Goldfield near the town of Welkom and contains gold mineralisation in the Basal Reef some 1 000m to 2 000m below surface. The Free State Goldfield is the most southerly of the nine goldfields of the Witwatersrand Basin and the Basal Reef, a modified paleoplacer, in this goldfield is estimated to have produced some 14.5 million ounces of gold up to 1992 since its development started in 1951.

The Jeanette Project is made of 7 prospecting rights which have been granted in terms of Section 17(1) of the Mineral and Petroleum Resources Development Act 28 of 2002 (MPRDA). Taung Gold Free State (Pty) Limited obtained these over the period mid 2009 to mid 2011 and they expire over the period mid 2014 to 2016. On the 19 June 2015 a mining right application to the Department of Mineral Resources (DMR) was made by Taung Gold Free State (Pty) Limited in terms of Section 22 of the MPRDA over properties, all contained within the prospecting rights.

The majority of the geological data employed in the Mineral Resource estimations has been purchased by Taung Gold Limited from Anglo American Corporation Limited and as such is historical information. The Mineral Corporation has conducted due diligence exercises to validate the analytical results by duplicating some core samples, validate the stratigraphic depths by logging some core and scrutinise geological logs and reports in terms of the protocols and standards employed by Anglo American Corporation Limited via an ex-Anglo American Corporation Limited employee. The results of this due diligence of the historical data as well as PT1, drilled by Taung Gold Limited, allow the geological data to be employed for the reporting of Indicated Mineral Resources where warranted by the Competent person.

The project area footprint has been amended since the previous Mineral Resource estimate completed in October 2013 due to the Mining Right application footprint. This has resulted in a very small reduction in the Overlap Facies of the Basal Reef footprint and similarly a small reduction of the A Reef footprint.

Due to the Pre-Feasibility Study work, a better understanding of the Basal Reef with the middling quartzite and overlying Khaki Shale thicknesses was deemed necessary thus requiring updated reef tonnages. The evaluated gold content in terms of cm.g/t is unchanged in this revision.

The 3D seismic survey has allowed the Basal Reef fault block positions to be determined from interpretation of the seismic reflectors identified as the base of the Ventersdorp Lava and the top of the Booysens Shale (Upper Shale Marker) horizons and by projecting these surfaces down to the Basal Reef position. Basal Reef intersection depths from existing Jeanette boreholes have been used to ground-truth the positions of the major seismic reflection surfaces. Positions of major faults in the 3D model have been estimated from apparent displacements of adjacent seismic reflectors. Fault throws have been estimated from elevation differences separating these reef blocks. However, faults with throws of less than 15m, which is considered the lower limit of resolution in the 3D model are not likely to be identified in the structural model. Basal Reef block dips are reportedly shallower than the average 25° used in previous updates and the structural map is considered to be of sufficient accuracy for use in a project at this stage of development and is an improvement on previous maps. However, it is noted that the 3D structural interpretation model of the Basal Reef with dips of between 6° and 23° has not been reconciled with the generally 20° core bedding angles found in the core.

The auriferous Basal Reef is developed on Jeanette Mine as a thin, 1cm to 40cm, bitumen rich quartz pebble conglomerate overlain by a quartzite layer (the middling quartzite). The average Basal Reef and quartzite middling (BRQM) is 43cm which varies in thickness from 6cm to 72cm. The middling quartzite is in turn overlain by the argillaceous Khaki Shale that varies in thickness from 5cm to 247cm. Virtually the entire gold content of the Basal Reef lies in the conglomerate layer and "bitumen seam" that is usually developed at the base.

Four facies types of the Basal Reef are identified in the Jeanette Project Area region and have been well documented by Muntingh (1991). The identified Basal Reef facies are:

- Black Chert Facies;
- Overlap Facies developed between the Loraine and Black Chert Facies, carrying some identifying signatures of both facies;
- Loraine Facies; and
- Melkkraal Facies (only observed to the northeast of the Jeanette Mine lease area).

Mineral Resources have only been estimated for the Black Chert and Overlap Facies and in estimating Basal Reef volumes, tonnages and gold content, the BRQM is used. The gram per tonne gold grade is calculated by dividing the total gold accumulation in cm.g/t by the BRQM width. The Pre-Feasibilty Study focuses on a mining method that depends on an effective "partial" extraction of the overlying Khaki Shale, thus the Mineral Resources are stated based on the BRQM width with a footwall overbreak of 10cm and a Khaki Shale extraction of 38cm.

The Black Chert Facies Mineral Resources have been estimated from the borehole and the underground sampling that lie within its boundary. The underground sampling covers 759m of on reef development but unfortunately only strip averages are available over lengths of between 290m and 3m. In estimating the average gold contents (cm.g/t) the lognormal approach has been employed. In an analysis to understand if the third parameter β was required, it was found to be zero, thus only a two parameter lognormal distribution has been applied.

Due to the need to incorporate the underground sampling, the normal approach has been amended and the data is weighted via the inverse of the cluster variance based on the sample support, i.e. it is necessary to take cognizance of the various numbers of deflections per cluster. To include the underground sampling in this methodology the underground sampling variance was estimated separately by weighting the various stretch averages by the distances they represent and employing a grouped data methodology. An average gold content of 742cm.g/t results for the Black Chert Facies over the project area with upper and lower 90% confidence limits of 1 180 and 550 cm.g/t respectively.

The Overlap Facies Mineral Resources have been estimated from the borehole data that lies within its boundary. In estimating the average gold contents (cm.g/t) the lognormal approach has been employed. In an analysis to understand if the third parameter β was required, it was found to be 73cm.g/t, thus a three parameter lognormal distribution has been applied. Due to no underground exposure of the Overlap Facies (no underground sampling being possible) and the overall tenor being of lower grade, it was not deemed necessary to evaluate this ore body by the inverse weighting methodology. An average gold content of 305cm.g/t results for the Overlap Facies with upper and lower 90% confidence limits of 679 and 199cm.g/t respectively.

The ore body average widths of the BRQM have been estimated for the Black Chert and Overlap Facies. The results are 38cm for the Black Chert Facies and 63cm for the Overlap Facies.

The fault losses identified in the 3D structural interpretation is 11.25% for the Black Chert Facies and 9.7% for the Overlap Facies. An additional geological loss to provide for minor faulting within the structurally "coherent" blocks is required due to the apparent disparity in the dip of the ore body based on the core bedding angles and the seismically derived dips. This not only has geological loss implications but also mining implications in that the ore body mining design will need to cater for an ore body dipping at between 6° to 23°. Based on a detailed structural plan of the Freddies Gold Mine that abuts the south-western limit of the Jeanette footprint and lies within the Black Chert Facies, a total geological loss associated with faults and dykes has been ascertained at 27.32%. Thus an additional geological loss of 16.07% for the Black Chert Facies and 17.47% for the Overlap Facies has been applied to the reef block areas to bring them each up to a total geological fault loss of 27.32%.

The Mineral Resources in the Black Chert Facies of Basal Reef have previously been classified as Indicated based on a substantial database of available historical information in the Jeanette Mine lease area and documented lateral continuity of the Facies throughout mines in the Welkom Goldfield. This classification is maintained in the portion of Black Chert Facies that was added to the Mineral Resources following the drilling of PT1 and subsequent facies interpretation.

The Mineral Corporation also notes that classification as an Indicated Resource is further determined by the density of borehole information in any given area of the Jeanette project lease, and cautions that the western extremities of both the Bandon and Leclusa R/E blocks are sufficiently distant from boreholes LW1 and MB1 that they should not be considered within a range of influence that is comparable with the remainder of the Jeanette Indicated Resource thus they are considered only Inferred Resources category.

The Mineral Resources for the Overlap Facies remain classified as Inferred Resources due to the low number of clusters of borehole data (10) drilled into this facies and the high error of estimation at the 90% confidence limits at 78.82%.

Mining block gold contents have been requested in preference to applying the global average for the Black Chert Facies. In estimating block gold contents (cm.g/t) for a virgin Witwatersrand gold project based on the widely spaced borehole data conditional bias into the block grades can be introduced if no smoothing or regression effect is taken into consideration. A methodology termed Regional Regression, which is applicable to a mega-block evaluation study, has been employed.

The 3D seismic structure plan was scrutinized with the cluster average gold contents to decide how to block the Black Chert Facies out in a manner that lends itself to coherent mining areas. The resultant blocks, A, B and C are the resultant blocks that required gold content estimation. The results of completing the regional regression are contained in the table below where it can be noted that the mega-block gold contents are tempered towards the mean of the ore body and thus reduce the conditional bias of the mega-block data.

Regional Regression Estimation Results

Block No.	Data Ave (cm.g/t)	Regressed Ave (cm.g/t)	Amended Regressed Ave (cm.g/t)	Regressed Upper 90% CL Limit (cm.g/t)	Regressed Lower 90% CL Limit (cm.g/t)
A	902	816	840	1 052	646
B	744	746	768	1 029	560
C	310	624	642	825	485
Averages/Totals	**627**	**721**	**742**		

Taung have advised that the initial mine planning would focus on mega-blocks A and B only referred to as the Phase 1 Area. Block C would be mined at a later date and is referred to as the Phase 2 Area. The Mineral Inventory (not Mineral Resources as no cut-off is applied) that can be attributed to the Phase 1 and 2 Areas are contained in the table below. Also included in this inventory is the Leclusa/Bandon data (fault block 4) for completeness.

Phase 1 and 2 and Leclusa/Bandon Areas Black Chert Facies Mineral Inventory

Mega-Block	Classification of Mineral Resources	Mineral Resource Area (Mm^2)	Reef Tonne (M)	Basal Reef Width (cm)	Au value (cm.g/t)	Au grade (g/t)	Contained Au (Moz)
Phase 1	Indicated	9.532	9.961	38	810	21.32	6.826
Phase 2	Indicated	5.632	5.885	38	642	16 90	3.198
Phase 1 & 2	**Indicated**	**15.164**	**15.846**	**38**	**748**	**19.68**	**10.025**
Leclusa/Bandon	Inferred	0.863	0.902	38	642	16.90	0.490
ALL	**ALL**	**16.027**	**16.748**	**38**	**742**	**19.53**	**10.515**

The application of the relationship for the mean value, cut-off grade, value above cut-off grade and percentage above cut-off grade has been employed on the global Black Chert and Overlap Facies Mineral Resources. The critical statistic that is required to derive the grade tonnage relationship is the block size that is going to be employed as the smallest mining unit (SMU) and the associated block variance. Blocks of dimension 140 x 140m have been considered as robust enough at this phase of the project development for consideration in the mining design, albeit it is not known where the, below or above cut-off contents, blocks are located at this stage. The Pre-Feasibility Study (2014) assumes that the full Basal Reef and middling quartzite and overlying Khaki Shale is excavated but is separated underground as well as in the processing plant. An estimated effective mining width of 87cm based on the width of the Basal Reef and middling quartzite, 10cm foot wall dilution and a 39cm shale dilution has been assumed in the derivation of the cut-off grade. The Mineral Resource statements for the Black Chert Facies are contained in the table below at a cut-off of 341cm.g/t.

Phase 1 and 2 and Leclusa/Bandon Black Chert Facies Mineral Resource Estimates above the 341cm.g/t Cut-off

Mega-Block	Classification of Mineral Resources	Mineral Resource Area (Mm^2)	Reef Tonne (M)	Basal Reef Width (cm)	Au Value (cm.g/t)	Au Grade (g/t)	Contained Au Oz (M)
Phase 1	Indicated	8.253	8.624	38	896	23.58	6.538
Phase 2	Indicated	4.287	4.479	38	766	20.16	2.903
Phase 1 & 2	**Indicated**	**12.539**	**13.104**	**38**	**852**	**22.41**	**9.441**
Leclusa/Bandon	Inferred	0.799	0.835	38	670	17.63	0.473
ALL	**ALL**	**13.338**	**13.939**	**38**	**841**	**22.12**	**9.914**

Although the Minxcon 2014 Pre-Feasibility Study used the Mineral Resource statement of Young (2013), which had a 300cm.g/t cut-off, the revised cut-off grade for these estimates should not affect this Pre-feasibility Study, because the Pre-feasibility Study mine planning was based on an SMU of 25m x 25m, and a cut-off of 400cm.g/t. The statistics to derive the percentage of ground above this cut-off and its cm.g/t value were supplied by Young (2013) and remain unchanged.

The Mineral Resources at a cut-off of 397cm.g/t for the Overlap Facies are provided in the table below. This cut-off gold contents is based on an estimated effective mining width of 101cm and a similar SMU to the Black Chert Facies.

Overlap Facies Mineral Resource Statement at 397cm.g/t Cut-off

Block	Classification of Mineral Resources	Mineral Resource Area (m^2)	Reef Tonne (M)	Basal Reef Width (cm)	Au Value (cm.g/t)	Au Grade (g/t)	Contained Au (Moz)
Overlap Facies	Inferred	1.438	2.491	63	506	8.03	0.643

The Jeanette Project Basal Reef Mineral Resource Statement is presented in the table below for both facies types and per Mineral Resource classification.

Jeanette Project Mineral Resource Statement for the Black Chert and Overlap Facies

	Classification of Mineral Resources	Cut-off Contents (cm.g/t)	Reef tonne (M)	Au value (cm.g/t)	Au grade (g/t)	Contained Au (Moz)
Black Chert Facies	Indicated	341	13.104	852	22.41	9.441
	Inferred	341	0.835	670	17.63	0.473
Overlap Facies	Inferred	397	2.491	506	8.03	0.643

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1 INTRODUCTION

The Mineral Corporation was requested by Taung Gold Limited (Taung) to provide a revised Mineral Resource estimate for the Basal Reef of Jeanette Mine Project (Project) area in the Free State Province (Figure 1) as a minor error had been identified in a structural block area and dip that informed the January 2013 dated Mineral Resources. This estimate and report is conducted in accord with the JORC Code (2012). The Basal Reef is an auriferous quartz pebble conglomerate located in the Booysens Formation of the Johannesburg Subgroup, Central Rand Group, Witwatersrand Supergroup rocks in the Free State Goldfield.

The Mineral Corporation has conducted several Mineral Resource estimates over the last four and a half years due to the database of borehole information growing in both size and quality as well as growth in the Project footprint. This evaluation is based on the results of nineteen surface boreholes and chip sampling of 758m of underground on-reef development purchased from Anglo American Corporation(AAC) as well as one borehole (PT1) drilled by Taung.

A feasibilty study is to be conducted over a portion of the Black Chert Facies of the Basal Reef and the average gold contents of three mega-blocks has been estimated based on Regional Regression Theory to inform this Mineral Resource estimate. This report provides the Mineral Resources upon which a feasibility study can be based and is reported in accordance with the JORC Code (2012) and Table 1 Checklist of Assessment and Reporting Criteria (Table 1 Checklist).

The Competent Person for this Report is Mr. D. R. Young, a Fellow of the Australasian Institute of Mining and Metallurgy (No 204689) who is a full time employee of The Mineral Corporation. Mr. Young visited the Project on the 13 December 2011 and viewed the core from PT1 and a selection of the AAC historical core. The JORC Table 1 Checklist has been applied in its entirety and a table of cross-references to the text is provided in Appendix 1. Where an item in the JORC Table 1 Checklist is not applicable it is discused in the table, Appendix 1.

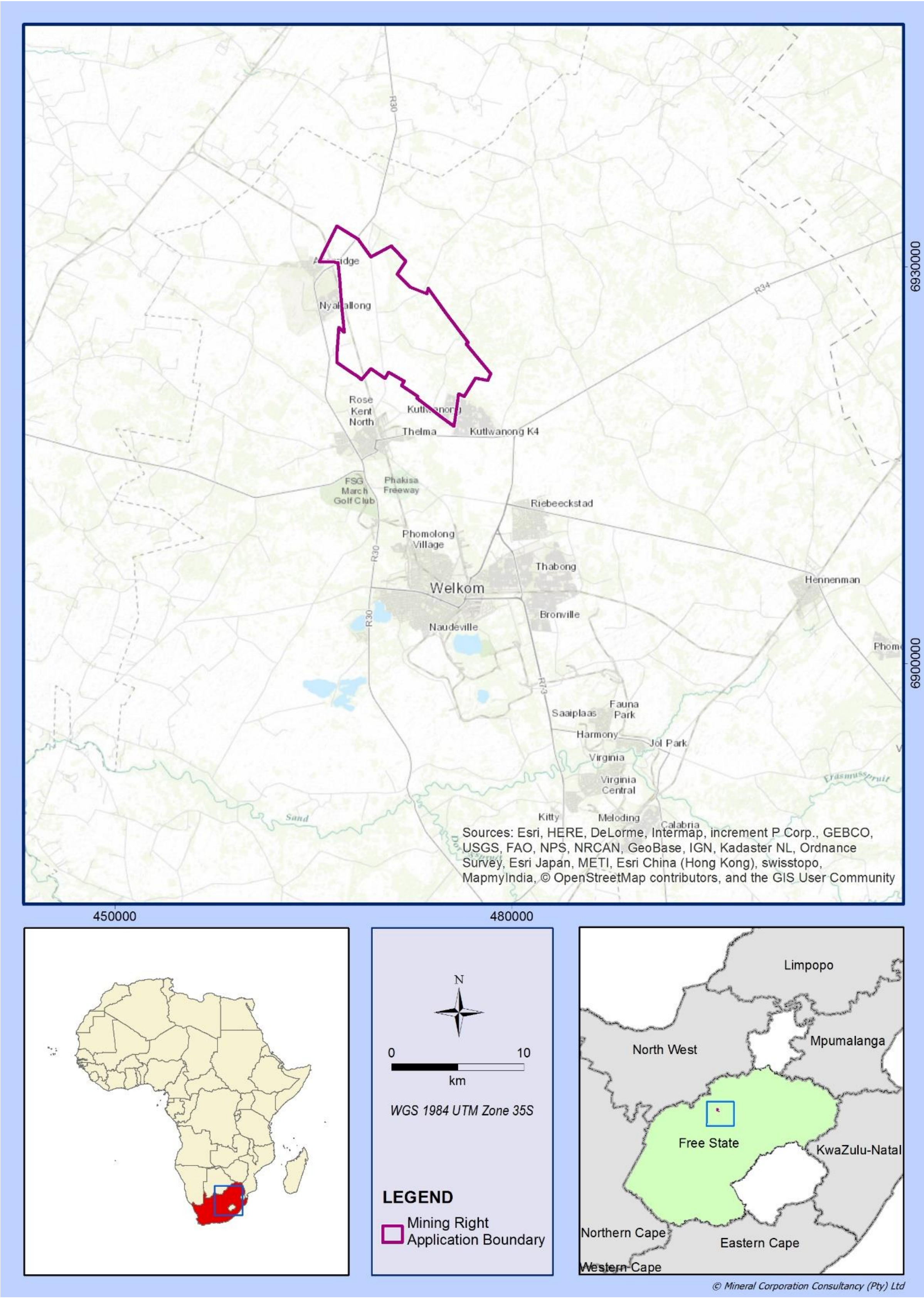

Figure 1: Jeanette Project Location

2 REGIONAL GEOLOGY OF THE WITWATERSRAND BASIN

2.1 Introduction to the Witwatersrand Basin

2.1.1 Discovery

The discovery of gold in outcropping quartz-pebble conglomerates (referred to as 'reefs') on the Witwatersrand in 1886 focussed attention to a sequence of rocks that was to become the greatest source of gold in the world. These deposits comprise one of the world's great metallogenic provinces. Not only was the foundation of the vibrant city of Johannesburg established on the preservation of these metals but the sustainable economic development of the South African nation over the past 120 years is largely indebted to the industry that arose from the exploitation of the gold. The socio-economic impact on the entire subcontinent has been influenced by this industry.

The Witwatersrand Basin is elongated in a north-east to south-west orientation and is approximately 350km long and 200km wide. While more than 70 mineral species have been identified from the Witwatersrand sediments, it is the gold and, to a lesser extent, its by-products uranium and pyrite that carry the overwhelming economic interest. The simplified geological map shows that the two principal components of the Witwatersrand Supergroup (the Central Rand and West Rand Groups) only outcrop on surface over a limited extent, with the balance being buried by younger volcanic and sedimentary sequences (Figure 2).

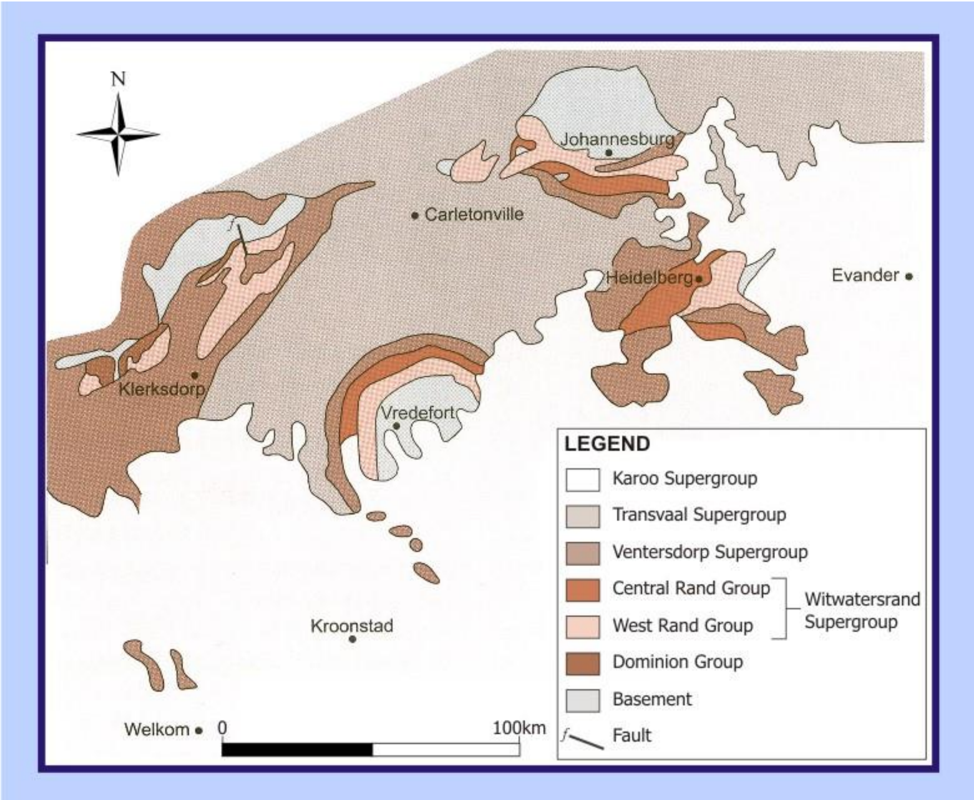

Figure 2: Geological map of Witwatersrand Basin showing outcrops of Central Rand and West Rand Groups (McCarthy, 2006)

2.1.2 Distribution

From the initial discovery site, the strike extensions rapidly spread some 45km, defining the Central Rand and West Rand Goldfields. Other conglomerate reefs were identified in the Heidelberg and Klerksdorp areas and, by the late 1880s, exploration had located the East Rand Goldfield. From the innovative geophysical applications and deep drilling, the Carletonville Goldfield was discovered in the 1930s, followed by the discovery of the Free State Goldfield in the late 1930s. In 1946, the Vaal Reef was located in the Klerksdorp Goldfield and, finally, the Evander Goldfield was found in the early 1950s. Each of the goldfields is distinctly separated from one another by either tectonic dislocations or zones of poorly preserved auriferous horizons (the 'gap' areas). The gold is preserved in nine goldfields within the Witwatersrand Basin (Figure 3).

While the extent of the Witwatersrand Basin (some 70 000km^2) has been constrained by more than 120 years of exploration, exploitation and research, principally through adopting geophysical methods (such as magnetics, aeromagnetics, gravity, reflection seismics) and drilling, it is clear that the Witwatersrand Basin was more extensive than the main basin and several correlative outliers have been located but none of these has demonstrated any significant economic potential.

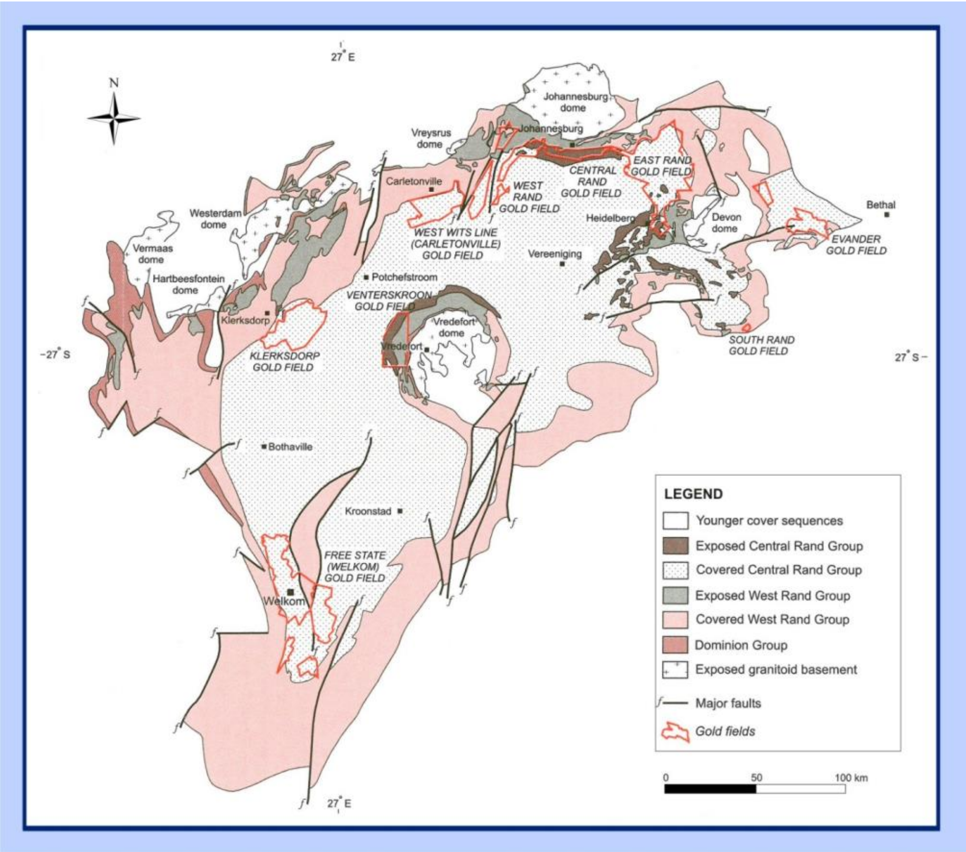

Figure 3: Geological map of the Witwatersrand Basin, with younger cover sequences removed (McCarthy, 2006)

2.1.3 Production

The mining operations have yielded some 50 000 metric tonne (t) (1.6 billion ounces) of gold since 1886. These gold mines are amongst the deepest in the world with exploitation taking place in excess of 3 000m below surface and exploration core-drilling probing to depths greater than 5 000m.

Peak production occurred in 1970 when 1 000t was mined. By 2009, this had declined to 205t, representing 7.97% of global production for that period. In 2011, it is reported that South Africa remained the world's fifth largest producer with an output of 191t and representing 6.8% of global supply. The average recovered grade has declined from 13.28g/t in 1970 to 3.29g/t in 2009 and 2.8g/t in 2011 (Chamber of Mines, 2012).

Besides gold, significant quantities of by-product uranium have been recovered from the Witwatersrand reefs. The uranium occurs as detrital grains of uraninite as well as secondary uranium-titanium silicates. Uranium production started in 1952 and, for the next 50 years, some 175kt of U_3O_8 were produced at an average grade of 0.216kg/t. Pyrite has been used for the production of sulphuric acid and the waste materials for industrial and construction purposes.

The gold mining industry currently employs some 150 000 people in South Africa.

2.1.4 Age of the Witwatersrand Supergroup

The Witwatersrand Supergroup unconformably overlies basement granitoids and greenstones, as well as sedimentary and volcanic rocks of the Dominion Group (Figure 3). In turn, it is overlain both conformably and unconformably by volcanic and sedimentary rocks of the Ventersdorp Supergroup.

U-Pb dating results show that the basin is Archaean in age and was deposited over a protracted period of time extending for some 360Ma between 3.074 and 2.714Ga (Robb and Robb, 1998). Most of the West Rand Group deposition had been laid down by 2.914Ga. Central Rand Group deposition commenced between 2.914Ga and 2.894Ga and was completed by 2.780Ga.

2.1.5 Structural Setting

McCarthy (2006) provides a synopsis of the long and complex structural history of the Witwatersrand Basin. Remnants of the West Rand Group are widespread on the Kaapvaal Craton but the Central Rand Group has a much more limited extent, confined to the main basin and the Evander area (Figure 3). McCarthy reports on the work by several authors and characterises three main deformational episodes:

(i) Syn-Witwatersrand deformation: Commencing in early Central Rand Group times and under regional compression, the basin become fragmented into a number of domains, bounded by discontinuities.

There is stratigraphic uniformity within the domains while the bounding discontinuities are associated with rapid changes in sedimentary thickness. Synsedimentary deformation was in the form of gentle warping or titling (as in the Free State Goldfield) with the outer edges characterised by thrusting directed towards the basin. This uplift along marginal thrusts resulted in the upward coarsening of the basin fill, culminating in the largely conglomeratic Mondeor Formation. Sedimentation was interrupted by the eruption of volcanic rocks of the Ventersdorp Supergroup.

(ii) Middle Ventersdorp deformation: The compressive stress field of the Central Rand Group relaxed and earlier thrust faults were reactivated as normal faults and produced small, localised depositional basins within and around the basin in which a variety of sedimentary and igneous lithofacies were deposited. This was particularly prevalent in the Welkom, Klerksdorp and Evander Basins and large displacement normal faults were generated. In the Free State Goldfield, these faults show dextral displacement.

(iii) Post-Transvaal deformation: The emplacement of the Vredefort Dome resulted in a large synclinorium and concentrically disposed folds of rapidly decreasing amplitude surrounding the uplifted area. A number of low angle thrust and normal faults developed tangential to the structure. As a consequence of the deeply depressed Witwatersrand strata, the basin has been largely preserved from significant erosion.

Other phases of deformation have been identified: emplacement of the Bushveld Complex caused thrusting from the north; and east-west, right lateral strike slip faulting and north-westerly directed thrusting are thought to be related to the Namaqua-Natal Mobile Belt.

This report does not deal with the tectonic setting of the Witwatersrand Basin which has been prolifically commented on by many authors.

2.1.6 Stratigraphy

2.1.6.1 Overview

The Witwatersrand Basin is underlain by an Archaean (>3.1Ga) granite-greenstone basement and the Dominion Group sediments and volcanics. It is overlain by the rock of the Ventersdorp Supergroup (2.7Ga), Transvaal Supergroup (2.6Ga) and Karoo Supergroup (280Ma). The stratigraphy was originally classified in the Central Rand area from the mapping by Mellor in 1917. His groupings were generally applicable on a basin-wide scale although more recent work demonstrated that there were significant variations in the nature and thicknesses of the sequences from one part of the basin to another. There is considerable stratigraphic variation both between and within each goldfield and this resulted in the establishment of local nomenclatures. Most of the economic placers are found in the Central Rand Group but the principal placers of the various goldfields do not necessarily occur at the same stratigraphic level.

The South African Code of Stratigraphic Terminology and Nomenclature (SACS) was established to consolidate a universally acceptable stratigraphy for the entire Witwatersrand Basin and, through the collaborative effort of all the mining companies, the Geological Survey of South Africa (now the Council for Geoscience) and academia, the revised SACS lithostratigraphic framework for the Witwatersrand Basin was adopted in 2006. Under this framework, regional disconformities which formed the basis for stratigraphic correlation between the various goldfields had been adopted (Figure 4).

SACS adopted the terms of Central Rand Group and West Rand Group for the two major groups, each group with two and three principal subgroups respectively. These are as listed in Table 1 below:

Table 1: Major groupings of the Witwatersrand Supergroup

Group	Subgroup
Central Rand	Johannesburg
	Turffontein
West Rand	Jeppestown
	Government Reef
	Hospital Hill

The major unconformities which separate the groups and subgroups across the extent of the basin are show in Figure 4. The unconformities within each subgroup are not shown.

2.1.6.2 West Rand Group

The distribution of the West Rand Group demarcates the currently preserved extent of the basin (Figure 3). It attains a maximum thickness of 5 150m in the Klerksdorp area and thins to 830m in the Evander Goldfield (Figure 4).

The dominant rock types are sandstone and shale which occur in approximately equal proportions. Each of the three subgroups is differentiated by differing ratios of sandstone to shale and are separated by basin-wide unconformities. Diamictites and poorly developed conglomerates are locally preserved along the unconformities.

Lithologically, the sandstones are quartz arenites, sub-feldspathic arenites and quartz-feldspar wackes. Laterally persistent quartz arenite is typical of the Hospital Hill Subgroup whereas feldspathic arenties are more prevalent in the Government and Jeppestown Subgroups. Shales in the West Rand Group are dark green to grey in colour and weather red in outcrop. They typically comprise quartz, chlorite and white mica and are chemically distinct from the shales in the Central Rand Group, being enriched in Fe, Mg and Mn (Robb & Robb, 1998). Of significance are the eight laterally persistent magnetic shales and banded iron-formation beds which are interbedded with the shales. Two of these magnetic beds are significant stratigraphic marker horizons.

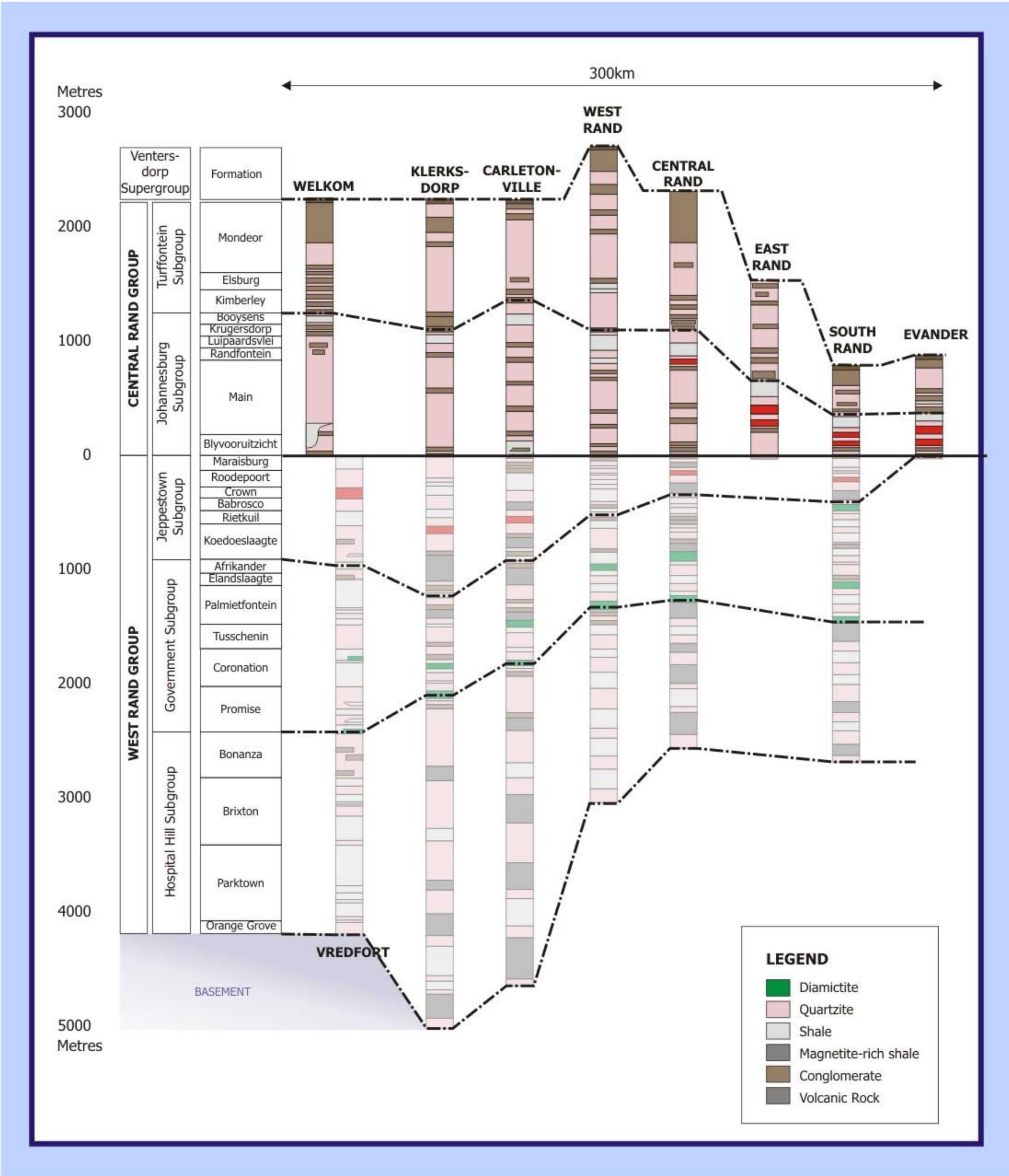

Figure 4: Stratigraphic profiles across the Witwatersrand Basin (modified after SACS, 2006)

2.1.6.3 Central Rand Group

The Central Rand Group is fundamentally different from the West Rand Group which it unconformably overlies. It attains a maximum thickness of some 2 880m in the Vredefort area (Figure 3). The overall lithology thins to the south-west and south-east. In the Evander area, the Central Rand Group attains a thickness of only 630m.

The lithologies are characterised by sandstone and conglomerate which dominate over shale. A single volcanic unit is developed but it is not laterally persistent. The sandstone:shale ratio is approximately 12:1. Both the Johannesburg and Turffontein Subgroups contain concentrations of conglomerates in their lower and upper portions. At least 10 basin-wide unconformities have been identified and each is overlain by conglomerate beds. The unconformities are used to subdivide the two subgroups into formations.

Sandstones are typically quartz arenites and quartz wackes. There is very little feldspar present in the quartzites of the Central Rand Group. The conglomerates vary in character from oligomictic to polymictic. Typically, clast types are dominated by vein quartz with chert, quartzite, argillite and porphyry occurring is various amounts. The conglomerates show an overall increase in clast size from the base to the top of the Central Rand Group. Thin shale beds are present within four of the formations and they vary in colour between dark grey and green, comprising quartz, chlorite, chloritoid, pyrophyllite, muscovite and rutile (Robb & Robb, 1998).

Most of the gold in the Witwatersrand Basin is derived from the conglomerates of the Central Rand Group. In addition, the Ventersdorp Contact Reef (which unconformably overlies the Central Rand Group at the base of the Ventersdorp Subgroup) has also been a prolific producer of gold.

2.1.6.4 Depositional Environments

It is widely agreed that sediment deposition took place along the interface between a system of large rivers and a major body of still water or an inland sea. The basin was filled with sedimentary and subordinate volcanic rocks which have been folded along a northeast to southwest axis into an asymmetrical synclinorium. Most workers accept a foreland model for the development of the basin.

A simplified illustration of the depositional setting is presented in Figure 5 (after Robb & Robb, 1998). Sedimentation of West Rand Group was initiated by the development of a shoreline which resulted in the deposition of the clean orthoquartzites at the base of the Hospital Hill Subgroup. Subsequent deposition of mud (shale) arose from increases in the sea level and the flooding of the shoreline to form deeper water conditions, resulting in sedimentation along a tide dominated shelf. Successive fluctuations in sea level and the progradation of fluvial or braided stream environments caused the deposition of higher energy, wave dominated sands. The interaction of fluvial and shelf-marine environments typifies the environment of deposition of the West Rand Group and explains the widespread and persistent nature of these units across the basin.

In their review, Robb & Robb (1998) note that a gradual change in the environment of deposition marks the onset of Central Rand Group sedimentation. The extensive development of placer conglomerates in which heavy minerals were concentrated coincided with the progradation of large fan-delta complexes dominated by coarse sand and gravel on top of which braided steams flowed. Local dispersion and concentration of heavy minerals was controlled by the presence of channels and bars and the processes of erosion, reworking, winnowing and deposition that accompany such an environment. The features indicate that the dispersal of sediments was from a source area to the north and west of the depository. Although Central Rand Group deposition is dominated by fluvio-detaic processes, it is clear that periodic marine incursions took place and that these are perhaps responsible for the reworking and preservation by overlying sand of the previous braid-delta sediments.

Robb and Robb (1998) distinguish three types of conglomerate in their review. Type localities are illustrated in Figure 5:

(i) 'Vaal Reef' type – sheet-like conglomerates with relatively uniform distribution of gold and uranium, resulting from upslope migration of a shoreline and reworking of previous braid-delta deposits;
(ii) 'Leader Reef' sheet-like conglomerates but with well defined fluvial channels; and
(iii) 'VCR type placers' indicative of pronounced palaeorelief representing a high energy fluvial environment and deposition of sediments in channels, bars and terraces.

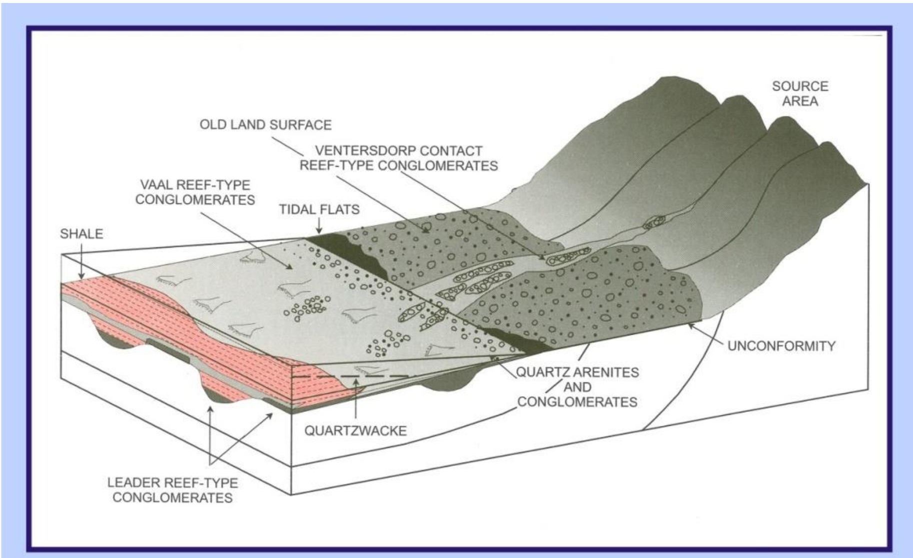

Figure 5: Schematic illustration of the environment of deposition for the three main types of conglomerate (after Robb & Robb, 1998)

2.1.6.5 Origin of Mineralisation

The origin of gold in the Witwatersrand Basin remains a controversial subject. Models range from extremes of simple placer theory to entirely hydrothermal origins.

Mineralisation in the Central Rand Group is invariably associated with erosional disconformities within the sequence and is generally most distinct along the margins of the basin where bedrock controls are more pronounced. McCarthy (2006) notes that the host lithologies vary widely from bitumen seams with scattered pebbles to laterally uniform, mature conglomerates to massive, thick, coarse conglomerates which may contain internal argillite partings.

Invariably, the mineralisation consists of gold, uraninite and pyrite but some 70 ore minerals have been identified within the Witwatersrand conglomerates and they show a complex paragenic history. The basin has been subjected to metamorphism and massive fluid flow within the sedimentary pile and some post-depositional redistribution of gold has occurred as three events over a period of approximately 700 million years (Robb and Robb, 1998) to produce a modified gold placer deposit.

2.2 The Free State Goldfield

The Free State Goldfield (sometimes called the Welkom Goldfield) is the most southerly of the nine goldfields, located some 270km southwest of Johannesburg on the south-west rim of the basin (Figure 3). It lies to the south of the Klerksdorp Goldfield from which it is separated by the Bothaville Gap. The gold bearing reefs of the Central Rand Group subcrop beneath younger cover comprising Karoo and Ventersdorp Supergroups.

Structurally, the Free State Goldfield lies within a north-south trending syncline forming an apex in the southwest corner of the basin (Figure 6). The shallow northerly plunging syncline is dissected by two major structural features to create three major blocks – the Odendaalsrus portion (to the west of the De Bron Fault); the Central Horst structure (between the De Bron Fault and the Homestead Fault); and the Virginia section (to the east of the Homestead Fault). The uplift on the Central Horst has witnessed the erosion of the Central Rand Group rocks prior to deposition of the overlying Ventersdorp Supergroup (Figure 6).

The major economic horizon of the Free State Goldfield is the Basal/Steyn Reef which was discovered in the late 1930s. Exploration was interrupted during World War 2 and production was only started in 1951. The goldfield has produced in excess of 8 000t gold from 20 mines, many of which have been amalgamated through time. The geology of the Goldfield has been well studied, investigated and reported over the decades. The regional geological setting and the location of the producing gold mines is shown in Figure 6 which also shows the locality of the producing mines and the Jeanette Mine.

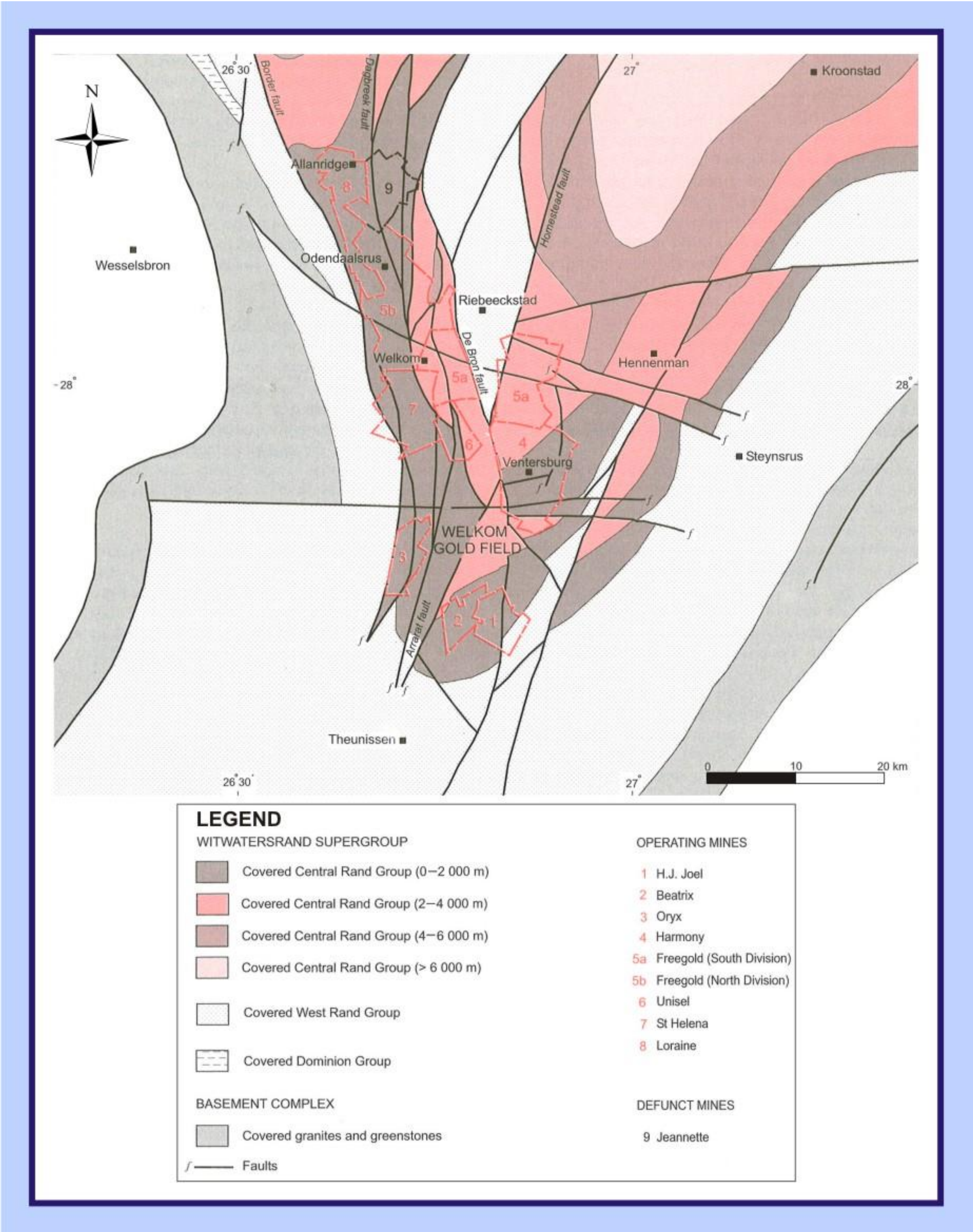

Figure 6: The distribution of mines in relation to the principal geological features of the Free State (Welkom) Goldfield (after Robb & Robb, 1998)

The Central Rand Group is over 2 000m thick in the northern part of the Free State Goldfield (the Johannesburg Subgroup being 1 500m and the Turffontein Subgroup 500m) and it thins to only 500m in the south due to internal erosional disconformities. Conglomerates comprise 0.7% of the sequence and generally represent placer deposits formed on unconformity sequences.

The descriptions of the main placers below have been synthesised from McCarthy (2006). The subgroup and formation nomenclature (both formal and local) is provided in Figure 4 and Figure 8 and the base of the different formation sub-outcrop positions are shown in Figure 7.

- The Beisa Reef is the lowermost placer and forms a narrow conglomerate with bitumen seams at the base of the Central Rand Group. It was exploited for its uranium content, with minor gold, at the Beisa/Oryx Mine. It is overlain by argillaceous or siliceous quartzites of the Main and Randfontein Formations.
- The Intermediate Reef defines the base of the Luipaardsvlei Formation and consists of a zone of conglomerates, locally containing well developed placers which are overlain by cross bedded quartzites and grits.
- The Basal and Steyn placers are the most extensive, continuous and economically significant reef in the goldfield. This placer lies on an erosion surface at the top of the Luipaardsvlei Formation. These placers differ in their clast assemblage – the Steyn Reef being polymictic and the Basal Reef being oligomictic. They are pene-contemporaneous, the Steyn Reef being slightly younger. Their provenances appear to have differed with the Basal Reef being derived from the west and the Steyn Reef from the south (Minter et al, 1986). Pebble size and gold tenor decreases to the north. They are both overlain by the Khaki Shale. The Basal and Steyn placers represent two pulses of conglomerate deposition on the same palaeosurface (Minter et al, 1986). The Steyn placer was superimposed onto that of the Basal Reef from an entry point further to the south of the Basal entry point. The Steyn placer often erodes into and eliminates the Basal placer and the two often merge with the Basal being recognised by its generally more homogeneous pebble characteristics. The Basal Reef formed by the deposition and reworking of sediment in a fluvial (braided stream) environment that was cutting down into a large fan represented by the Welkom Formation. Most of the gold in the two placers is associated with the conglomeratic mid-fan facies and maximal concentration is coincident either with scour channels or zones of other coarse grained material (Minter et al, 1986) and bitumen seams. The Basal Reef in this goldfield is estimated to have produced some 14.5 million ounces of gold up to 1992 since its development started in 1951, Robb and Robb (1998).
- The Leader Reef is also a composite placer, formed from the coalescence of two sediment pulses and is generally composed of a number of inter-bedded argillaceous quartz and conglomerate units. It disconformably overlies a khaki shale and argillaceous quartzite assemblage locally referred to as the Harmony Formation (base of the Booysens Formation). Gold-distribution patterns follow the same parameters as those established for the Steyn and Basal placers and sediment input appears to have been from the south and west (Minter & Leon, 1991). Therefore, the coarsest

grain sizes and highest gold/uranium ratios are found in the western portions of the placer. The sequence fines upwards to shale, correlated with the Booysen Formation.

- The B Reef lies at the base of the Kimberley Formation which is a disconformity that regionally truncates the Krugersdorp and Booysens Formations. The B Reef was mined at the Lorraine and Freegold North Mines (Figure 6) the latter now called Tshepong Gold Mine. It occurs in discrete but interconnected channels that have eroded the underlying shale. Gold grades in the B Reef are controlled by the morphology of the sinuous braided channels in the placer deposit and tend to be irregular (Minter et al, 1986).

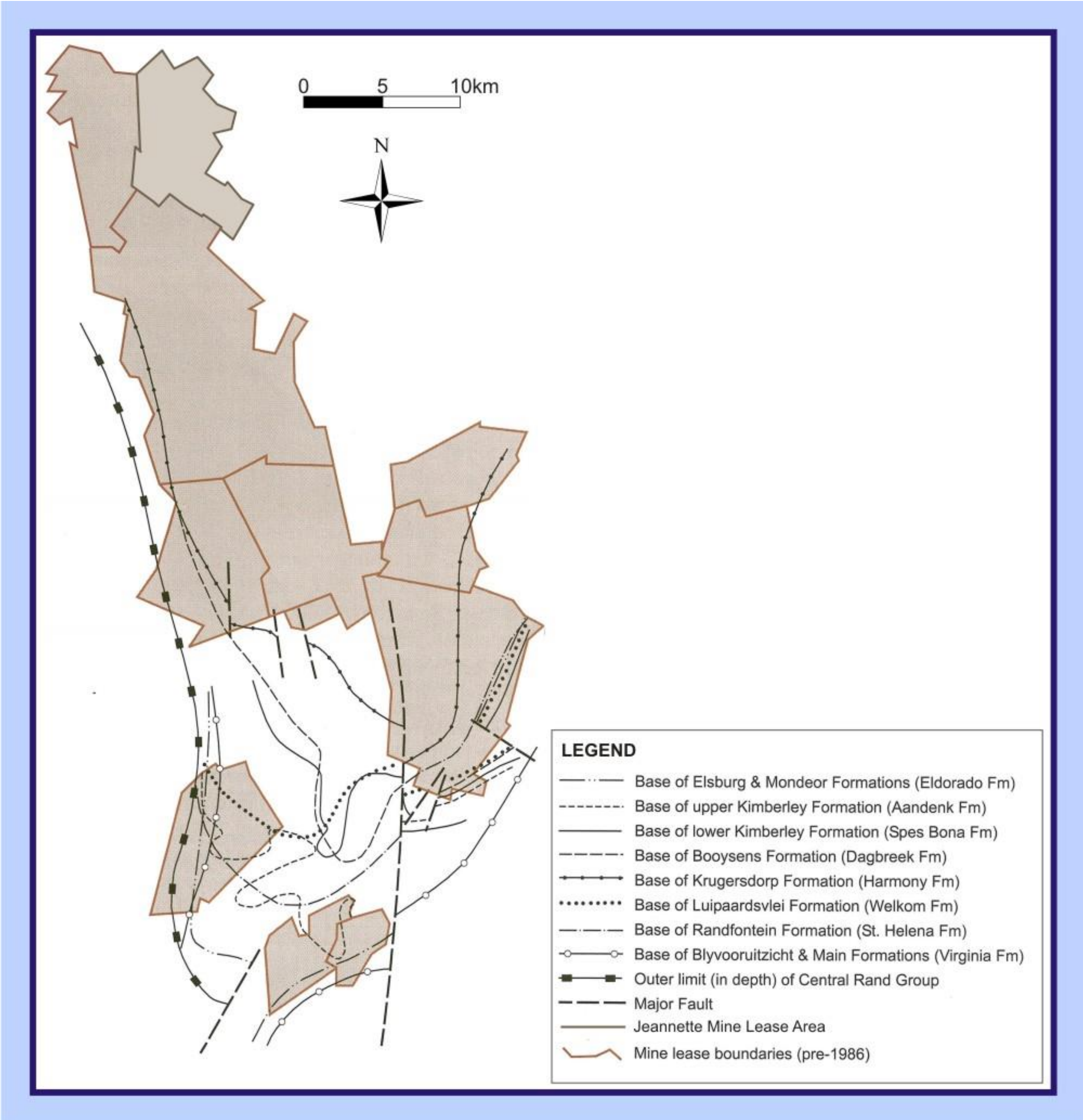

Figure 7: Subcrop of the various formations of the Central Rand Group in the southern portion of the Welkom Goldfield (Genis, 1990)

- The A Reef usually consists of an oligomictic conglomerate that is variable in thickness and lateral continuity. The A Reef can carry moderate gold concentrations and has been mostly exploited form the Lorraine Mine area along the basin edges to the west of the Jeanette Mine.
- The Beatrix/VS5 Reef lies on a disconformity at the base of the Elsburg Formation. The Elsburg and Mondeor Formations consist of a clastic wedge which coarsens both upwards and to the west where boulder conglomerates are developed. These were deposited in large alluvial fans which progrades out from the west. In the northern portion of the Free State Goldfield, erosive reworking near the fan apices has caused local placer development and economic gold mineralisation occurs along a narrow and complex zone parallel to the basin margin. These are the Eldorado Reefs which comprise significant proportions of massive, polymictic conglomerates containing up to 18 gold bearing horizons and mainly exploited on Lorraine Mine. These gravels were deposited through rapid erosion and higher energy deposition of underlying placers which were being uplifted during late-stage faulting of the western edge of the Free State Goldfield.

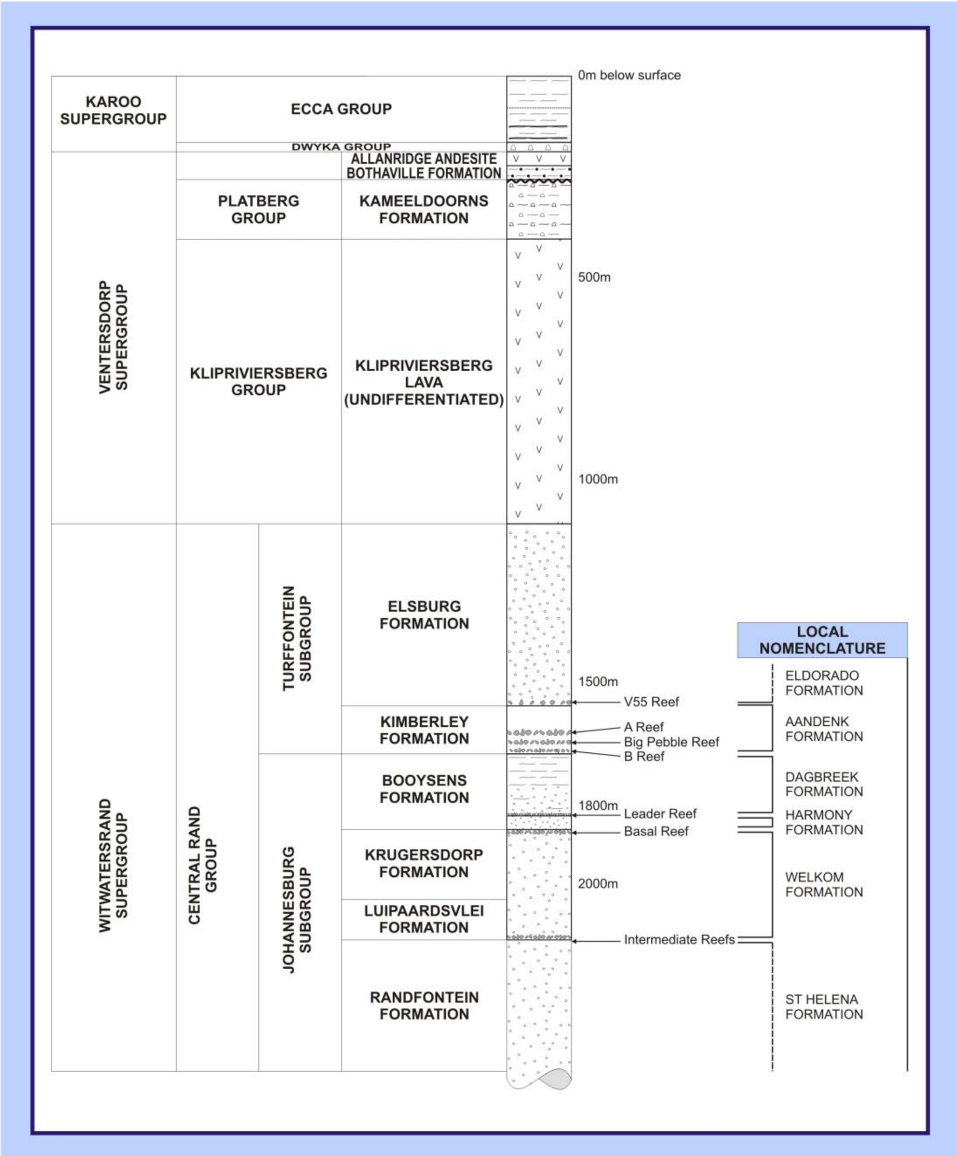

Figure 8: Idealised stratigraphic column of the Jeanette Project with formal and local stratigraphic nomenclature

Sedimentation of the Central Rand Group in the Free State basin was episodic and fluvial sedimentation was controlled by tectonic forces which uplifted earlier sediments, allowing them to be eroded and redeposited. On a regional scale, the Johannesburg Subgroup was deposited during an initial regressive cycle when the Witwatersrand Basin shrunk in size; this was followed by a period of transgression (or basin expansion) accompanied by deposition of the Turffontein Subgroup. The sequence of events is summarised in Figure 9 cross section where a progressive over-stepping of lower formations by upper sequences is clearly demonstrated (McCarthy, 2006).

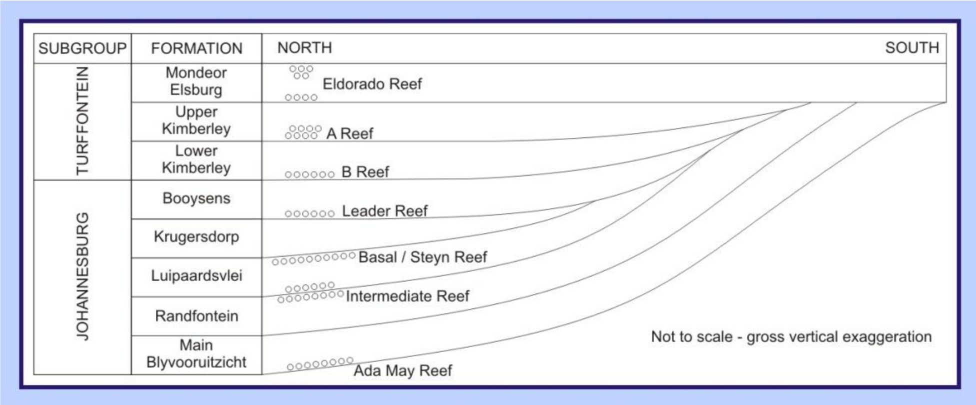

Figure 9: North-South schematic section through Free State Goldfield showing successive unconformity surfaces on top of which principal reef horizons are deposited (modified after Minter, 1986)

3 TENURE

The Jeanette Project is made of 7 prospecting rights which have been granted to Taung Gold Free State (Pty) Limited (TGFSL) in terms of Section 17(1) of the Mineral and Petroleum Resources Development Act 28 of 2002 (MPRDA,). The details and status and ownership of these rights can be found in Table 2 and Figure 10.

In terms of Section 19(1) of the MPRDA the holder of a prospecting right has the exclusive right to apply for and be granted a mining right in respect of the mineral and prospecting area in question. In respect of the MPRDA there is no time limit prior to expiry of the right by which the mining right application needs to be lodged.

On the 19 June 2015 a mining right application to the Department of Mineral Resources (DMR) was made by TGFSL in terms of Section 22 of the MPRDA over properties all contained within the 7 prospecting rights listed in Table 2.

On the basis that the DMR received the application prior to the expiry of certain of the prospecting rights it is likely that the ensuing administrative process will ultimately result in the granting, execution and registration of a mining right.

However it should be noted that the following rights had expired at the date of submission of the mining right application and thus were open to third party prospecting right applications.

- FS 30/5/1/1/2/818 PR (28 February 2015)
- FS 30/5/1/1/2/713 PR (02 December 2014)

It should also be noted that until the mining right application is granted TGFSL currently only holds only an exclusive right to apply over prospecting areas where the prospecting rights had not expired at the date of mining right application as listed below.

- FS 30/5/1/1/2/895 PR
- FS 30/5/1/1/2/709 PR
- FS 30/5/1/1/2/940 PR

The Prospecting rights below are still current and only expire on the 17th July 2016

- FS 30/5/1/1/2/399 PR – 10082 PR
- FS 30/5/1/1/2/419 PR – 10098 PR

The Mineral Corporation has had sight of the prospecting rights, the Section 11 letters of consent and the Section 102 applications for amendments to the prospecting rights held by TGFSL. However, the legal validity of these rights has not been confirmed as this falls outside the scope of this report. Neither has the relationship between Taung Gold Limited and TGFSL been established.

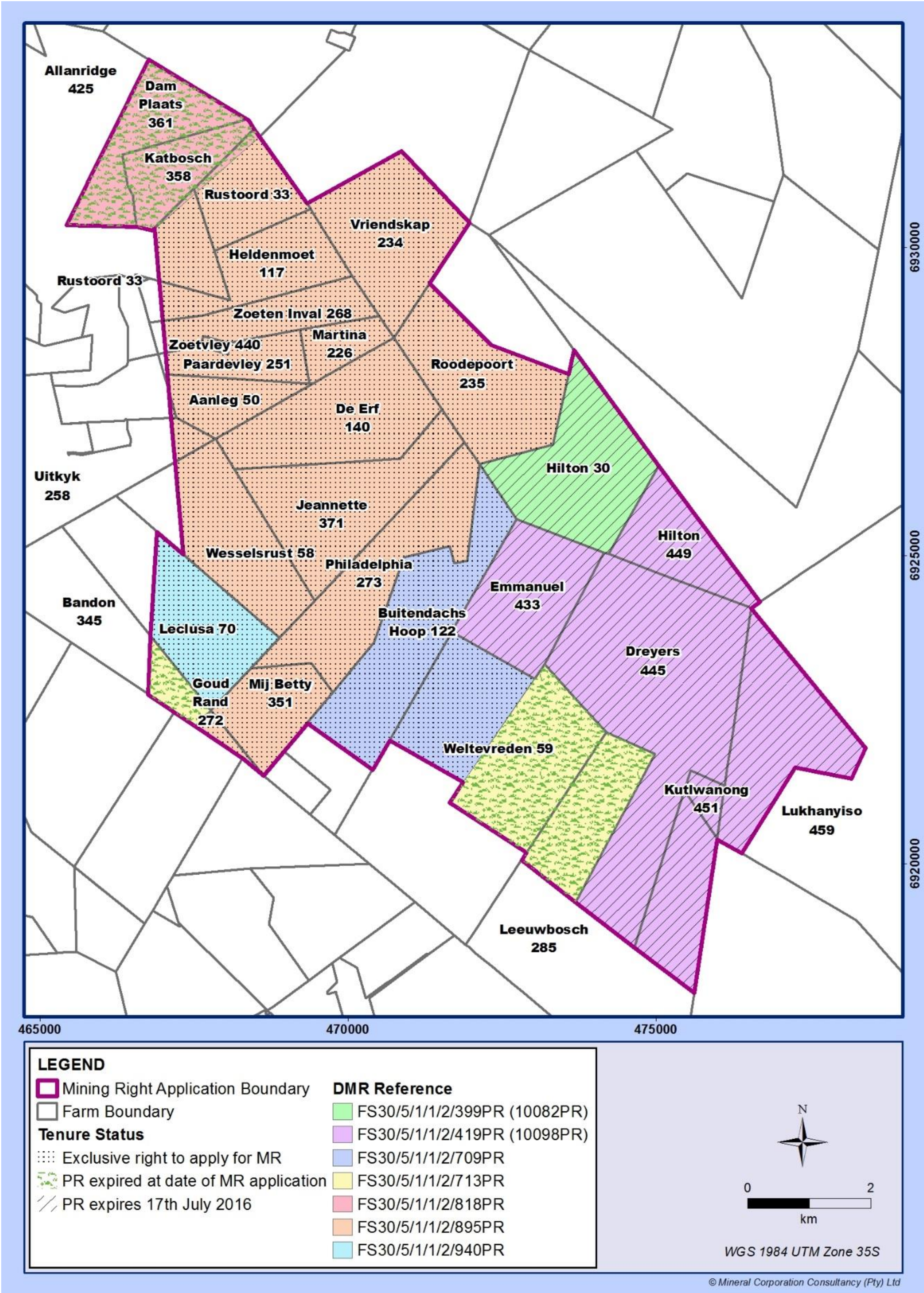

Figure 10: Prospecting Rights held by TGFSL as extracted from the Regulation 2.2 prospecting right figures

Table 2: Status of Prospecting Rights

DMR Reference Number	Holder	Description of farms	Ha	Minerals	Date Executed	Date Expired	Comments
FS 30/5/1/1/2/895 PR	Armgold/Harmony Freegold JV **Section 11 to Taung Gold Free State (Pty) Limited**	• Annleg 50 • De Erf 140 • Goudrand 272 • Heldenmoet 117 • Jeanette 371 • Martina 226 • My Betty 351 • Paardevley 251 • Philadelphia 273 • RE of Roodepoort 235 • Rustoord 33 • Certain portion of Uitkyk 258 • Vriendskap 235 • Certain portion of Wesselrust 58 • Zoeten Inval 268 • Allanridge 425	3890	Gold Ore, Silver Ore and Uranium Ore	29 June 2010	28 June 2015	An exclusive right to apply for and be granted a mining right has been exercised prior to the expiry date
FS 30/5/1/1/2/709 PR	Free State Development and Investment Corporation **Consent for Section 11 to Taung Gold Free State (Pty) Limited**	• Buitendachs Hoop 122 • Emmanuel 433 (excluded and included into FS 10098PR) • Weltevreden 59	1028	Gold Ore, Silver Ore and Uranium Ore	4th August 2009	3rd August 2014 (a renewal application was submitted prior to the expiry of the right but has not yet been granted)	An application in terms of Section 18 of the MPRDA was submitted to the DMR. Section 18(5) of the MPRDA states that despite its expiry sate a prospecting right shall remain in force until such time the application is granted or rejected, therefore an exclusive right to apply for and be granted a mining right has been exercised prior to the expiry date
FS 30/5/1/1/2/940 PR	Free State Development and Investment Corporation **Section 11 to Taung Gold Free State (Pty) Limited**	• Remainder of the farm Leclusa 70	301	Gold Ore, Silver Ore and Uranium Ore	18th April 2011	17th April 2016	An exclusive right to apply for and be granted a mining right has been exercised prior to the expiry date
FS 30/5/1/1/2/818 PR	Taung Gold Free State (Pty) Limited	• Remaining extent and portion 1 of Damplaats 3661 • Remaining extent and portion 1 of Katbosch 358	431	Gold Ore and Uranium Ore	01 March 2010	28 February 2015	No Silver Expired at the date of submission of the mining right application and thus were open to third party prospecting right applications

DMR Reference Number	Holder	Description of farms	Ha	Minerals	Date Executed	Date Expired	Comments
FS 30/5/1/1/2/713 PR	Taung Gold Free State (Pty) Limited	• Remainder of Bandon 345 • Remainder of Weltevreden 59 (excluded as included in FS 709PR) • Remainder of 3 Weltevreden 59 • Portion 6 of Weltevreden 59 • Portion 3 of Leeuwbosch 28510	1315	Gold Ore, Silver Ore and Uranium Ore	03 December 2009	02 December 2014	Expired at the date of submission of the mining right application and thus were open to third party prospecting right applications
FS 30/5/1/1/2/399 PR (10082 PR)	Taung Gold Free State (Pty) Limited	• Subdivision 1 of Hilton 30 • Melkkraal 450	1801	All minerals excluding diamond and coal	Renewal 18th July 2013	Renewal 17th July 2016	An exclusive right to apply for and be granted a mining right has been exercised prior to the expiry date
FS 30/5/1/1/2/419 PR (10098 PR)	Taung Gold Free State (Pty) Limited	• Hilton 449 • Emmanuel 433 • Remaining extent of Langkuil 66 • Portion 1 Langkuil 66 • Remaining extent of Kameeldoorns • Remaining extent of Dreyers 445 • Remaining extent of Leeuwbosch 282 • Portion 2 of Leeuwbosch 282 • Remaining extent of Portion 5 of Leeuwbosch 282 • Portion 8 of Leeuwbosch 282 • Portion 9 of Leeuwbosch 282	6427	Gold Ore, Silver Ore and Uranium Ore	Renewal 18th July 2013	Renewal 17th July 2016	An exclusive right to apply for and be granted a mining right has been exercised prior to the expiry date

4 PROJECT AREA FOOTPRINT

The following material changes to the existing Mineral Resource estimates which were reported previously reported by Taung's Circular (15.155Moz extracted from our reports dated 2008 (Basal Reef)) have taken place:

- The application of a new structure model informed by an interpretation of a 3D seismic survey carried out during 2011;
- Addition of new surface borehole PT1 to the database and reinterpretation of the Basal Reef facies classification of surface borehole JEZ2;
- Re-evaluation of the physical position of the Black Chert Facies/Overlap Facies boundary in the vicinity of the above boreholes; and
- A different evaluation technique to provide structurally controlled mega-block gold contents for the feasibility study mine planning.

These material changes have resulted in an updated tonnage and gold value for the Black Chert and Overlap Facies of the Basal Reef.

A map showing the outline and extent of the Jeanette Mine project footprint is presented in Figure 11. Positions of borehole collars are shown for reference.

5 PROJECT GEOLOGY

5.1 Geological Structure

The structure model used to inform this Mineral Resource estimate supersedes the model used in previous estimates and results from the final interpretation of a 3D seismic survey carried out over the greater Jeanette Mine property during 2011. The 3D seismic structure model covers the entire area of the prospective Black Chert Facies and Overlap Facies on Jeanette Mine. The Basal Reef underlying the Project is between ±1 000m in the east and ± 2 000m in the west below surface.

Spatially located Basal Reef block positions have been defined from interpretation of the seismic reflectors identified as the base of the Ventersdorp Lava and the top of the Booysens Shale (Upper Shale Marker) horizons and by projecting these surfaces down to the Basal Reef position. Basal Reef intersection depths from existing Jeanette boreholes have been used to ground-truth the positions of the major seismic reflection surfaces. The final model has been interpreted by the Rock Deformation Research Group (RDR) at Leeds University in the UK. The Mineral Corporation considers that the final 3D structural interpretation offers a significant improvement over previous structure models which were based only on borehole information and observations from adjacent mines in the Free State Goldfield.

Positions of major faults in the 3D model have been estimated from apparent displacements of adjacent seismic reflectors. Fault throws have been estimated from elevation differences separating these reef blocks. However, faults with throws of less than 15m, which is considered the lower limit of resolution in the 3D model are not likely to be identified in the structural model.

A final structure block map of the portion of Jeanette lease area covered by the 3D seismic survey is presented in Figure 13. Basal Reef contours have been omitted from the map for clarity. The map therefore shows the locations of the reef blocks used to generate the Mineral Resource tonnages, superimposed on the revised area of Black Chert and Overlap Facies. Reef blocks have been numbered for identification.

It is noted that reef blocks have been defined only for the area of ground covered by the Black Chert and Overlap Facies. Although the areal footprint of 3D seismic survey coverage extends somewhat eastwards of the Overlap Facies boundary, the final structural interpretation has not been extended in this direction.

Basal Reef block dips are reportedly shallower than the average 25° interpreted to be the cased prior to the 3D seismic survey. Taung has produced a Basal Reef dip map which shows interpreted dip and dip directions at various locations in each reef block. Each block dip has been averaged from individual dip measurements taken from locations within the blocks. Average reef block dips are shown in Appendix 3 alongside the measured on-reef area for each structural block. Tonnage calculations for each reef block have been informed by the on-reef area. The Mineral Corporation notes that a review of the core bedding angles, generally 20°, has not been reconciled with the 3D structural model that has Basal Reef dips of between 6° and 23°. This disparity has lead The Mineral Corporation to apply an additional geological loss in the structurally "coherent" blocks and is discussed further in Section 7.4.

The structural map is considered to be of sufficient accuracy for use in a project at this stage of development and is an improvement on previous maps. A geological section through PT1 is provided in Figure 12 that depicts the style of faulting within the Project.

5.2 Basal Reef Geology and Exploration

The auriferous Basal Reef is developed on Jeanette Mine as a thin, 1cm to 40cm, bitumen rich quartz pebble conglomerate overlain by a quartzite layer (the middling quartzite). The average Basal Reef and quartzite middling (BRQM) is 43cm which varies in thickness from 6cm to 72cm. The middling quartzite is in turn overlain by the argillaceous Khaki Shale that varies in thickness from 5cm to 247cm. Virtually the entire gold content of the Basal Reef lies in the conglomerate layer and "bitumen seam" that is usually developed at the base.

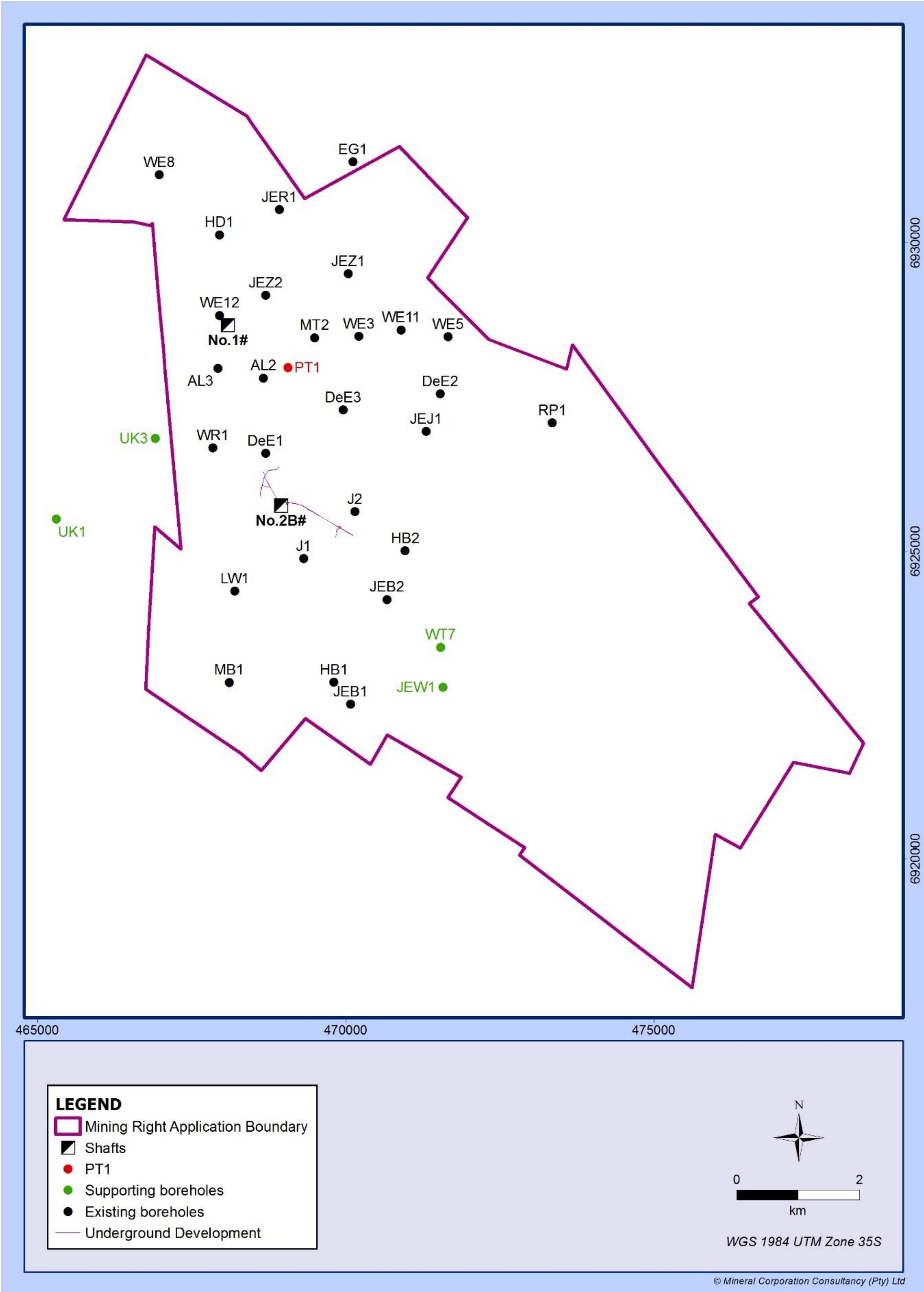

Figure 11: Locality map showing Jeanette Mine lease area, contiguous blocks and Basal Reef intersection points

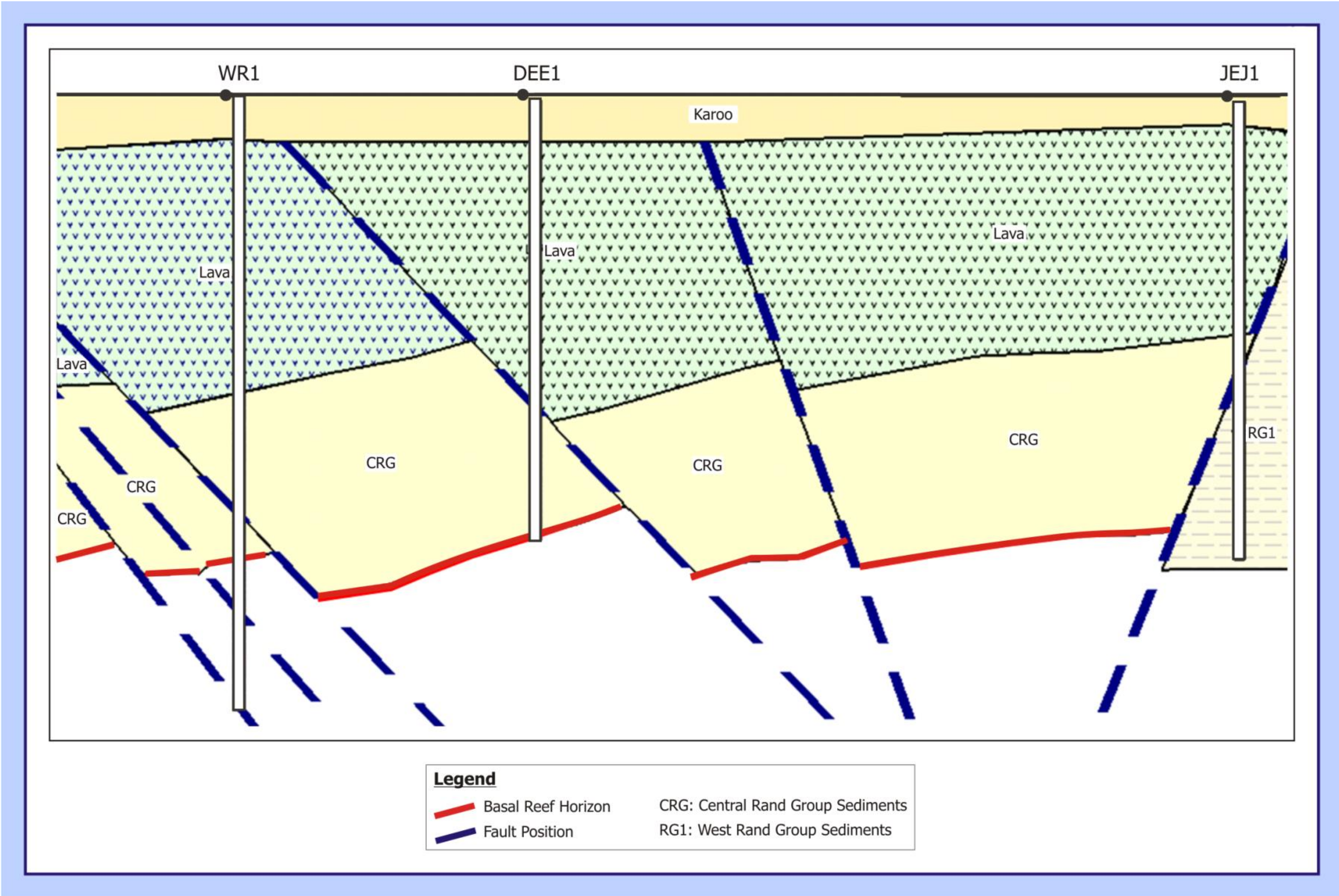

Figure 12: West to east geological section across the Jeanette Project based on the 3D seismics

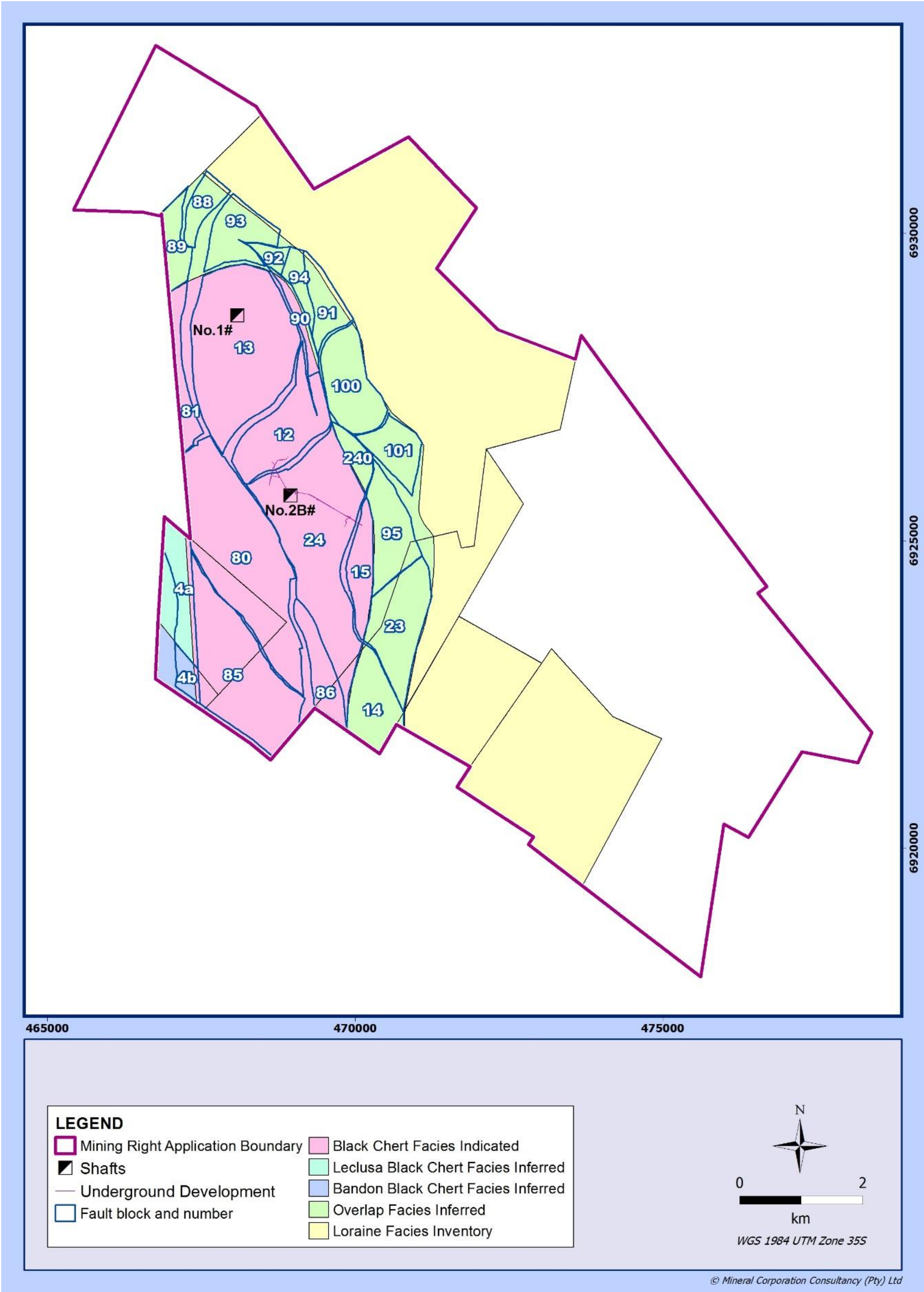

Figure 13: Revised Basal Reef facies plan showing structure blocks derived from final interpretation of the 3D seismic survey

Due to the high gold contents associated with mainly the bitumen mineralisation it is imperative to obtain representative samples for analysis and also drill short and long deflections to reduce the nugget effect in the de-clustered averages based on the half-core samples. The core was of B-size core (32 to 40mm in diameter) which is a normal core size applied to the exploration of deep seated ore bodies where deflection drilling plays an important part of the campaign.

The BRQM is in turn overlain by a pyrophyllite rich Khaki Shale that has a thickness distribution depicted in Figure 14. This distribution is based on the data contained in Table 3.

Table 3: BRQM and Khaki Shale thickness per borehole

BHID	Facies	BRMQ (m)	Khaki Shale
AL3	Black Chert	0.17	1.59
DeE1	Black Chert	0.27	1.84
DeE3	Overlap	0.72	1.67
EG1	Loraine	0.27	0.05
HB1	Black Chert	0.37	2.47
HB2	Overlap	0.68	1.3
HD1	Overlap	0.48	0.41
J1	Black Chert	N/A	1.53
J2	Black Chert	0.55	N/A
JER1	Loraine	0.62	>0.71
JEZ2	Black Chert	0.61	1.16
LW1	Black Chert	0.21	1.17
MB1	Black Chert	0.46	0.81
MT1/WE3	Loraine	0.29	2.18
WE11	Loraine	0.53	2.22
WE12	Black Chert	0.46	1.88
WR1	Black Chert	0.06	1.6
PT1	Black Chert	0.61	1.57
Average	**Black Chert**	**0.38**	**1.56**
Average	**Overlap**	**0.63**	**1.13**
Average	**Loraine**	**0.43**	**1.48**

From Figure 14 it can be noted that the thickness of the Khaki Shale for the Black Chert Facies varies from 81cm to 247cm with an average of 156cm (Table 3). The Khaki Shale for the Overlap Facies varies from 41cm to 167cm with an average of 113cm.

The BRQM has similarly been modelled and its distribution is contained in Figure 15.

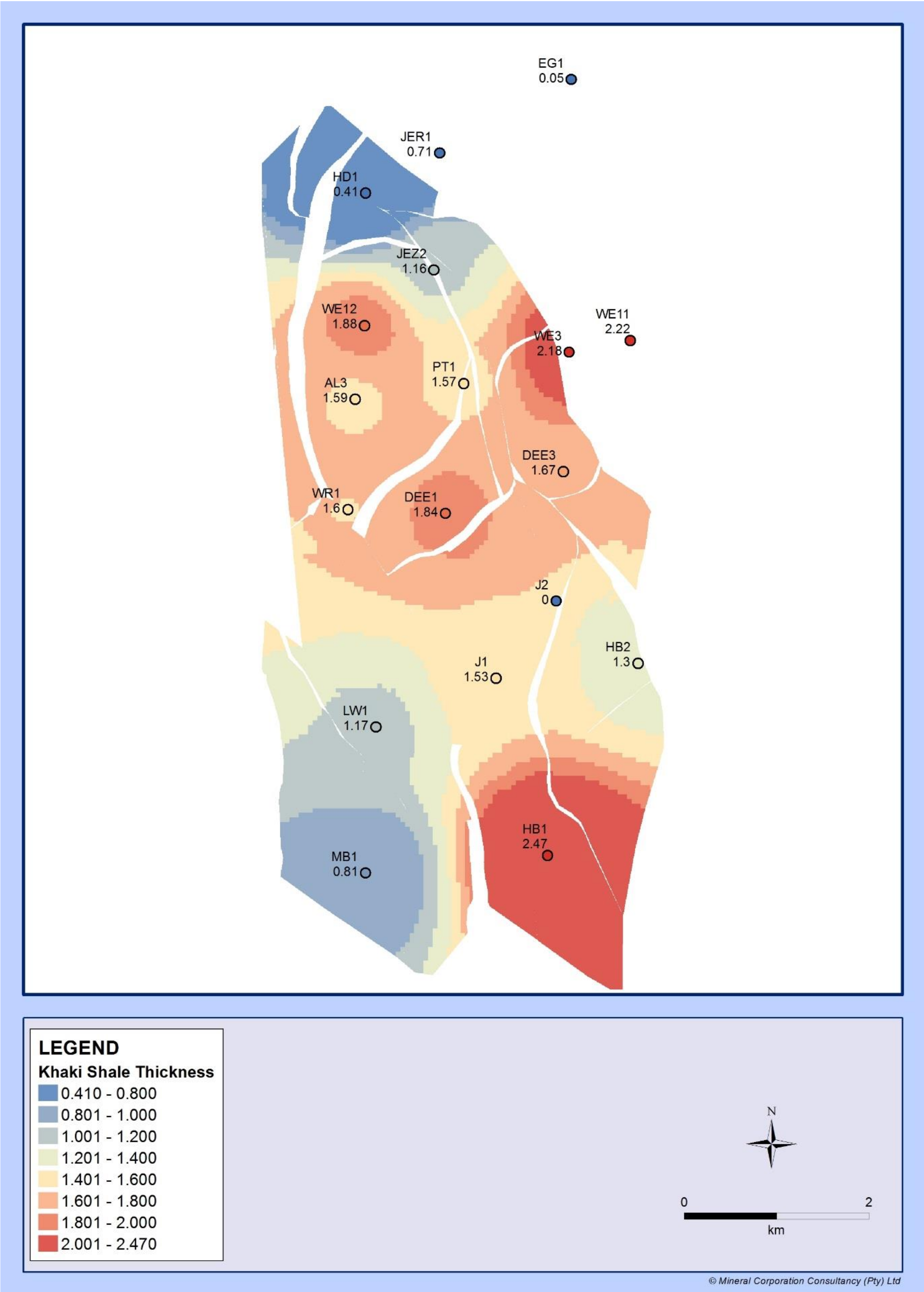

Figure 14: Estimated Khaki Shale thickness distribution

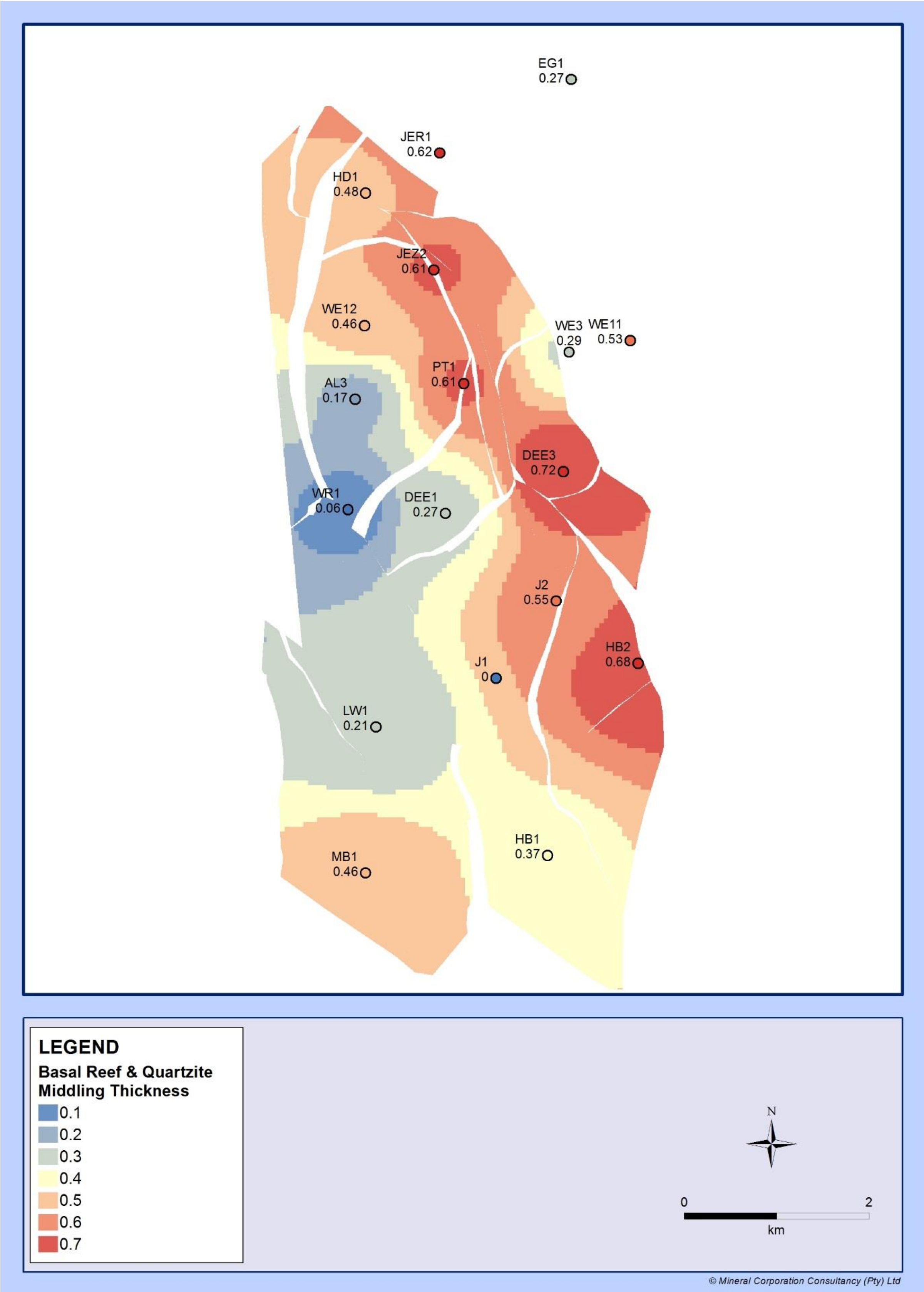

Figure 15: Estimated BRQM thickness distribution

From Figure 15 it can be noted that the BRQM for the Black Chert Facies varies from 6cm to 61cm with an average of 38cm (Table 3). The BRQM for the Overlap Facies varies from 48cm to 72cm with an average of 63cm. Intersection thicknesses of the BRQM greater than 100cm have not been recorded in the Jeanette Mine project area.

These averages for the BRQM and Khaki Shale per facies have been employed in the estimation of BRQM tonnages as well as the effective mining widths as per Table 4 that assumes that 25% of the shale will be sent to the processing plant.

Table 4: Estimation method to derive an effective mining width

Facies	BRMQ (cm)	Footwall Overbreak (cm)	% of Shale (cm)	Effective Mining Width (cm)
Black Chert	38	10	25% of 156 = 39	87
Overlap	63	10	25% of 113 = 28	101

5.3 Basal Reef Gold Contents

Sampling of the barren Middling Quartzite in historical borehole intersections prior to AAC's 1990s drilling programme was often not carried out. In later drilling programmes, evaluation of the Basal Reef includes the assay results for the Middling Quartzite and the combined accumulated gold value for the intersection (in cm.g/t) is reported as the Basal Reef, even though the contribution of the overlying quartzite is minimal.

In estimating the gold contents it is necessary to apply a dip correction to the length in the borehole based on the core bedding angle of the reef. This has been completed by AAC to convert the lengths of sampled core to true widths.

In estimating Basal Reef volumes, tonnages and gold content, the combined thickness and gold content of Basal Reef and Middling Quartzite (Channel Width) is used. The gram per tonne gold grade is calculated by dividing the total gold accumulation in cm.g/t over the complete interval by the combined true thickness in cm of the Channel Width. Since the Basal Reef has a Channel Width of less than 100cm it is imperative to mine it in a manner to limit the dilution of extraneous material. Taung have indicated that the feasibility study will be focused on a method of selective mining that will have an effective stoping width of less than 100cm. A variety of mining methods include partial or total pre-extraction of the overlying Khaki Shale, thus the Mineral Resources are stated based on the BRQM width instead of a nominal 100cm.

5.4 Basal Reef Facies

The classification of three different facies types of Basal Reef in the Jeanette Mine area was proposed by Muntingh (1991). This system is based on extensive on-mine observations in the Free State Goldfield and regional cross-correlation involving numerous borehole intersections. The identified Basal Reef facies are:

- Black Chert Facies;
- Overlap Facies developed between the Lorraine and Black Chert Facies, carrying some identifying signatures of both facies; and
- Lorraine Facies,

A fourth facies type was identified, the Melkkraal Facies, but it is only observed to the northeast of the Jeanette Mine lease area. Muntingh (1991), in his review of the sedimentology of the Basal Reef, developed a regional facies classification using information gathered from several mines and exploration boreholes in the northern region of the Free State Goldfield, including an earlier programme of surface boreholes drilled on Jeanette Mine. The work remains the definitive study of Basal Reef facies in the Goldfield. The main criteria for the definition of the Black Chert Facies are as follows:

- A maximum of two upward fining sedimentary cycles often marked by conglomeratic basal units;
- The upper cycle may erode, assimilate or remove the lower cycle but does not necessarily inherit the gold content;
- A predominance of black or grey chert clasts in the conglomerate units;
- The lower cycle is of greater economic importance than the upper cycle;
- Gold content is often related to the recorded presence of seam or flyspeck bitumen; and
- The presence of bitumen is usually restricted to the conglomerate unit of the lower cycle.

Muntingh (1991) also proposed the presence of a southeasterly oriented 'syn-warp' area, or shallow elongated depression in the footwall strata across the central area of Jeanette Mine, into which the thick, multiple-cycle Black Chert Facies was deposited. To the west of the syn-warp, the upper cycle of the facies appears to have been largely eroded into and assimilated the lower cycle resulting in a reduced Basal Reef thickness. To the east of the syn-warp axis the upper cycle dominates and within a distance of several hundred metres is observed overlying the preserved remnants of the low value Lorraine Facies. Still further to the east, the Lorraine Facies dominates the eastern third of the Jeanette Mine lease area.

The relative positions of these various facies are demonstrated in the Jeanette project facies model presented in Figure 16. The template for this facies model has been used throughout The Mineral Corporation's Mineral Resource estimation history. Figure 16 shows the previous and revised interpretations of the Black Chert Facies based on this information.

5.5 Assessment of Borehole Intersection Acceptability Criteria

During scrutiny of the master Jeanette borehole database and compilation of the final borehole values, a number of instances were recorded where the original borehole intersection value reported by the Anglo American Corporation (AAC) included certain intersections logged by its geologists as 'unacceptable'. This term, as used in the AAC context, is an assessment of the completeness of the intersection from a geological perspective only and is a qualitative and somewhat subjective measure of the degree of primary core loss.

It is understood that AAC's procedure was that once the assay results were received, a further assessment was made concerning the use of these unacceptable cuts in the evaluation of the reef intersection. In general the guiding principle was that if the reef value of the unacceptable cut was higher than the value of an acceptable cut in an adjacent deflection, the results of the unacceptable cut may be used in estimation of the average reef value. For this mandate to be valid there is an assumption that some gold must have been lost from the unacceptable cut and that the intersection would therefore be undervalued. Should the core loss have occurred in the non-gold carrying portion of the reef (for instance in the overlying and usually barren Middling Quartzite) then it is implied that the intersection would have been overvalued since less waste quartzite will have reported to the sample than should have occurred. It is therefore important to recognise the position in the core at which the loss had taken place. Should the position of the loss be recorded as in the basal carbon seam, the cut would generally be undervalued since proportionately less reef material would be reporting to the sample.

Some of the reasons why AAC considered the intersections unacceptable appear in the Jeanette core logging as follows:

- Loss of carbon on contact
- Core chips missing
- Bottom contact ground
- Reef sheared or faulted
- Bottom contact broken
- Quartz veining; and/or
- Any combination of the above

The sample logs appear to indicate that in the Jeanette project, the core losses are generally associated with the bottom carbon contact of the reef and therefore that the reef portion of the sample may be lost in unacceptable cuts.

Boreholes drilled pre-1991 often did not include remarks on reef acceptability. Remaining borehole core is generally in poor condition so it remains difficult to form an opinion. AAC in its later review of these older boreholes indicated 'recovery unknown'. Generally The Mineral Corporation has used all reef cuts for boreholes DEE1, DEE3, HD1, J1, J2, MT1/WE3, WE11, WE12 and EG1 in its Mineral Resource evaluation despite their unknown reef recovery status and has assumed that due to AAC's strict guidelines regarding borehole quality control and reef cut acceptability in the early 1990s (as judged partly in The Mineral Corporation's core due diligence exercise), many of the decisions made in relation to core acceptability have been affirmed.

Using borehole JEB1 in the Jeanette Contiguous area as an example, it is reported that the unacceptable reef cuts were due to grinding of the soft basal carbon seam. On the contrary, the complete, and therefore acceptable, reef cuts returned the lowest grades of all the deflections. It may be concluded that these were the cuts that carried no carbon on the bottom contact, which allowed the drilling bit to penetrate the contact without grinding. By excluding the incomplete reef cuts from the evaluation, the results are biased towards those cuts that contained no carbon on the contact. In cases where the acceptable reef cuts are lower grade than the unacceptable reef cuts, it was considered prudent to include the unacceptable cuts in the evaluation.

The only way in which a positive bias may be introduced to the evaluation is where the overlying quartzite has been ground away, thereby removing some of the 'waste' from the sample and artificially raising the grade of the remaining portion of the sample. The Mineral Corporation did not observe any instances of this in its due diligence review of the Basal Reef. All core losses occurred on the basal contact, usually where carbon was present.

Without exception, the removal of unacceptable reef cuts from calculations that were considered usable by AAC resulted in a drop in average borehole value in eight boreholes and a reduction in average gold value on Basal Reef of all Jeanette Project boreholes of 33cm.g/t. This implies that the use of only acceptable cuts under-valuates the average gold value and reinforces the fact that in reef cuts deemed to be unacceptable, it is the bottom carbon contact containing the gold that is lost.

Accordingly, The Mineral Corporation has deemed it appropriate and of material importance to include those Basal Reef cuts considered to be unacceptable according to AAC criteria in this evaluation of the Basal Reef. Table 5 provides evidence of the undervaluation described.

A summary of all acceptable borehole intersections used in the Mineral Resource update is presented in Appendix 2.

Table 5: Comparison between reef averages in acceptable and unacceptable borehole cuts (note: BC = Black Chert Facies, O = Overlap Facies, L = Lorraine Facies)

Borehole/ Location	Facies	Averages of used intersections	Averages excluding unacceptable cuts	Difference
		Au (cm.g/t)	Au (cm.g/t)	Au (cm.g/t)
Boreholes				
AL3 orig	BC	471	471	0
AL3 long defl**	BC	533	492	-42
DEE1	BC	220	220	0
DEE3	BC	264	264	0
HB1 orig	BC	2690	2690	0
HB1 defl	BC	675	675	0
J1	BC	1054	1054	0
J2	BC	133	133	0
LW1	BC	153	147	-6
MB1 orig	BC	419	419	0
MB1 defl	BC	205	205	0
WE12	BC	1537	1537	0

Borehole/ Location	Facies	Averages of used intersections	Averages excluding unacceptable cuts	Difference
		Au (cm.g/t)	Au (cm.g/t)	Au (cm.g/t)
WR1	BC	559	559	0
JEZ2 orig**	BC	1515	1476	-39
JEZ2 long defl**	BC	301	194	-108
PT1**	BC	233	233	0
HB2	O	83	83	0
HD1	O	22	22	0
JEB1 orig**	O	374	274	-100
JEB1 long defl**	O	521	168	-353
JEB2 orig**	O	932	771	-161
JEB2 defl**	O	374	357	-17
JER1 long defl	L	176	176	0
JER1 orig	L	604	550	-55
WE11	L	307	307	0
WE3/MT1	L	29	29	0
EG1	L	77	77	0

Note: **denotes that the borehole/deflection data was not used in the original 2008 Mineral Resource statement.

6 EXPLORATION DATA

6.1 Due Diligence Review of PT1 and Facies Boundary Interpretation

PT1 (Figure 16) is the first new borehole to be drilled in the Jeanette mining lease area since the early 1990s. The Mineral Corporation has conducted a review of borehole PT1 to ensure compliance with set standards and protocols as used to guide previous Jeanette Mineral Resource estimations. Accordingly, a due diligence review covering borehole stratigraphy, logging, sampling and assay results was applied to the borehole to validate the inclusion of the borehole results in the Mineral Resource update. An ex-employee of AAC in the employ of The Mineral Corporation conducted this due diligence as well as that documented in Section 6.2.

The stratigraphic and reef sampling review/audit took place on August 24, 2011 at Taung's Welkom core yard facility. The Mineral Corporation oversaw the logging, core marking and sample preparation procedure for the first few deflections and provided guidance to Taung for the remainder of the borehole deflections that were not ready in time for the initial review. A follow up visit was made on 11 October 2011 during which the sampling and marking of the remaining borehole deflections were scrutinised. The Mineral Corporation is satisfied that Taung has met the minimum requirements for Certified Reference Material (CRM) and barren material (Blank) sample inclusion in the sample stream as requested by The Mineral Corporation and that the core has been prepared and sampled to a high standard of diligence.

The anomalously thick and pebbly Basal Reef intersections present in all deflections of borehole JEZ2 (Figure 16) were omitted from previous Mineral Resource estimations due to uncertainties in facies correlation. This inherent uncertainty required the intersection to be placed in the Overlap Facies which was classified as an Inferred Resource.

Borehole PT1, recently drilled to the south of JEZ2 (Figure 11), intersected a Basal Reef which displayed visual similarity and internal architecture to JEZ2. Significantly the PT1 intersections all displayed the presence of black chert fragments and small quartz pebbles close to the bottom contact of the reef. This has been considered one of the criteria for classification as Black Chert Facies. Further studies were therefore initiated to reinvestigate the common features in the two boreholes to determine whether PT1 should be classified as Black Chert Facies, which would point to the similar inclusion of JEZ2.

Based on Muntingh's criteria, The Mineral Corporation has prepared comparative sedimentological sections through the Basal Reef for boreholes JER1, JEZ2 and PT1 to illustrate the classification criteria for Black Chert Facies (Figure 17). The sections were compiled from the individual Basal Reef intersections for each borehole. The results are discussed briefly as follows:

- PT1's intersections consistently present a thin, sporadically developed pebble lag of chert and quartz clasts with occasional flyspeck carbon on the basal surface, succeeded by a gritty orthoquartzite. These observations indicate the presence of the lower cycle of Black Chert Facies. Overlying the gritty orthoquartzite is a sparsely mineralised pebbly quartzite to small pebble conglomerate overlain by an average of 20cm whitish orthoquartzite. These units are believed to represent the upper cycle described by Muntingh; and
- The intersections in JEZ2 can be categorised into the mother-hole cluster and the long deflection cluster. Both clusters show somewhat different sedimentology:

    - The intersections comprising the JEZ2 mother hole cluster present a basal conglomerate of variable thickness (average 14cm) overlain by gritty to pebbly orthoquartzite, together representing the lower cycle. The orthoquartzite is in turn overlain by the upper cycle consisting of a pebbly quartzite or conglomerate, itself succeeded by an orthoquartzite up to 46cm in thickness. Gold values in the lower cycle are considerably higher than in the upper cycle; and
    - The intersections in the long deflection cluster present a truncated sequence comprising a single conglomerate overlain by orthoquartzite up to 44cm in thickness. Observations indicate that this represents the upper cycle. There is no evidence of the lower cycle in any of these individual deflections. Gold values in this upper cycle are an order of magnitude lower than in the mother hole cluster of deflections.

Despite some localised variations in sedimentology, the Basal Reefs in boreholes PT1 and JEZ2's mother-hole cluster present a remarkably similar sedimentological correlation. The Mineral Corporation is of the opinion that both clusters of borehole intersections display characteristics of the multiple-band Black Chert Facies as developed in Muntingh's syn-warp area. The truncated sequence in the long deflection cluster of JEZ2 is considered to represent a localised 'up-warp' of slightly elevated footwall, over which only the upper cycle was preserved. The multiple-cycle facies presented in PT1 and the mother hole cluster of JEZ2 are believed to be located in the syn-warp structure predicted and described by Muntingh as extending north-westward through the central part of the mine lease area.

The Mineral Corporation concludes that based on new information received from PT1, a review of the Jeanette facies developed in borehole JEZ2 and on Muntingh's postulation of a southeast-trending syn-warp through the central parts of the Jeanette lease area, the Black Chert Facies boundary should be extended northwards from its current position to include these boreholes. Furthermore, due to improved understanding of the nature of the various components of the Black Chert Facies and continued supportive statistical evidence of value continuity, the new portion of the facies should also be classified as Indicated Mineral Resource.

Borehole JER1 (Figure 16) was previously classified as 'uncertain' facies since the reef thickness, robust nature of the reef and large pebble size was considered anomalous compared with its neighbouring boreholes, all of which displayed the Lorraine Facies; nor did the appearance of the Basal Reef correlate particularly well with the thin nature of the lower cycle of the Black Chert Facies observed in the south-western portion of Jeanette Mine.

Sedimentological evidence in JER1 pointed to certain similarities with both the Melkkraal Facies developed in the area to the north of Jeanette and the composite, multiple-layer Black Chert Facies described in the mined out areas to the south. In the absence of supportive information from surrounding boreholes, JER1 was considered to remain an anomaly and thus remained outside the Black Chert Facies area until additional information could shed light on the issue.

Following from the evidence gathered from PT1 and JEZ2, The Mineral Corporation is of the opinion that the JER1 intersections are similar in appearance and internal architecture to those in JEZ2, which lies some 1 500m to the south of JER1 (Figure 16). However, due to the isolated location of this borehole and the proximity of HD1 that contains only 22cm.g/t, The Mineral Corporation takes a conservative view and does not include this borehole within the Black Chert Facies. Informed by this new evidence from PT1 and interpretation, it is recommended that the area between JEZ2 and JER1 be considered a suitable location for an additional surface borehole to test the extent of the facies and hence possible future northward extension of the Indicated Mineral Resource area.

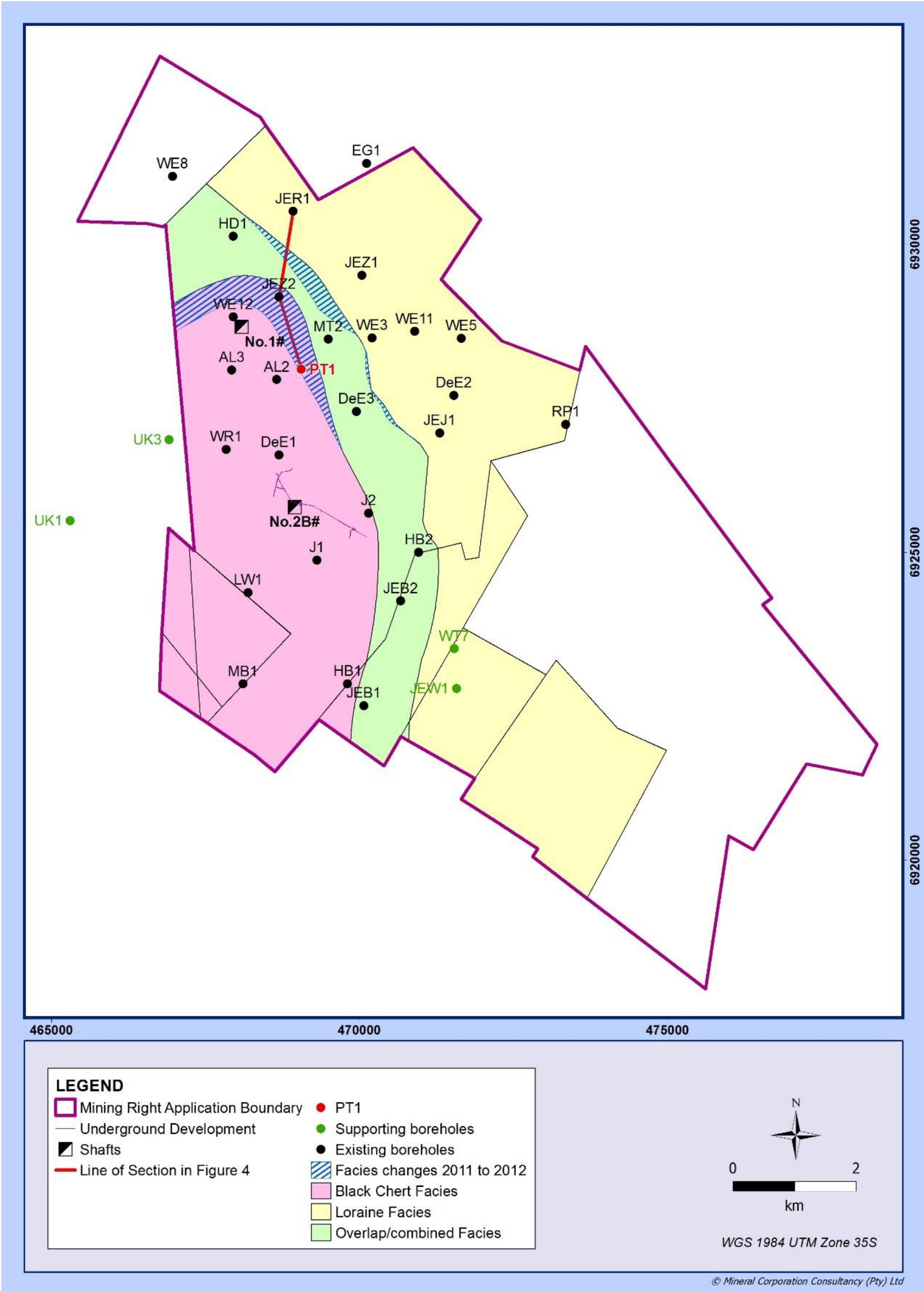

Figure 16: Adjusted area of Black Chert and Overlap Facies boundaries showing line of section used to construct Figure 17

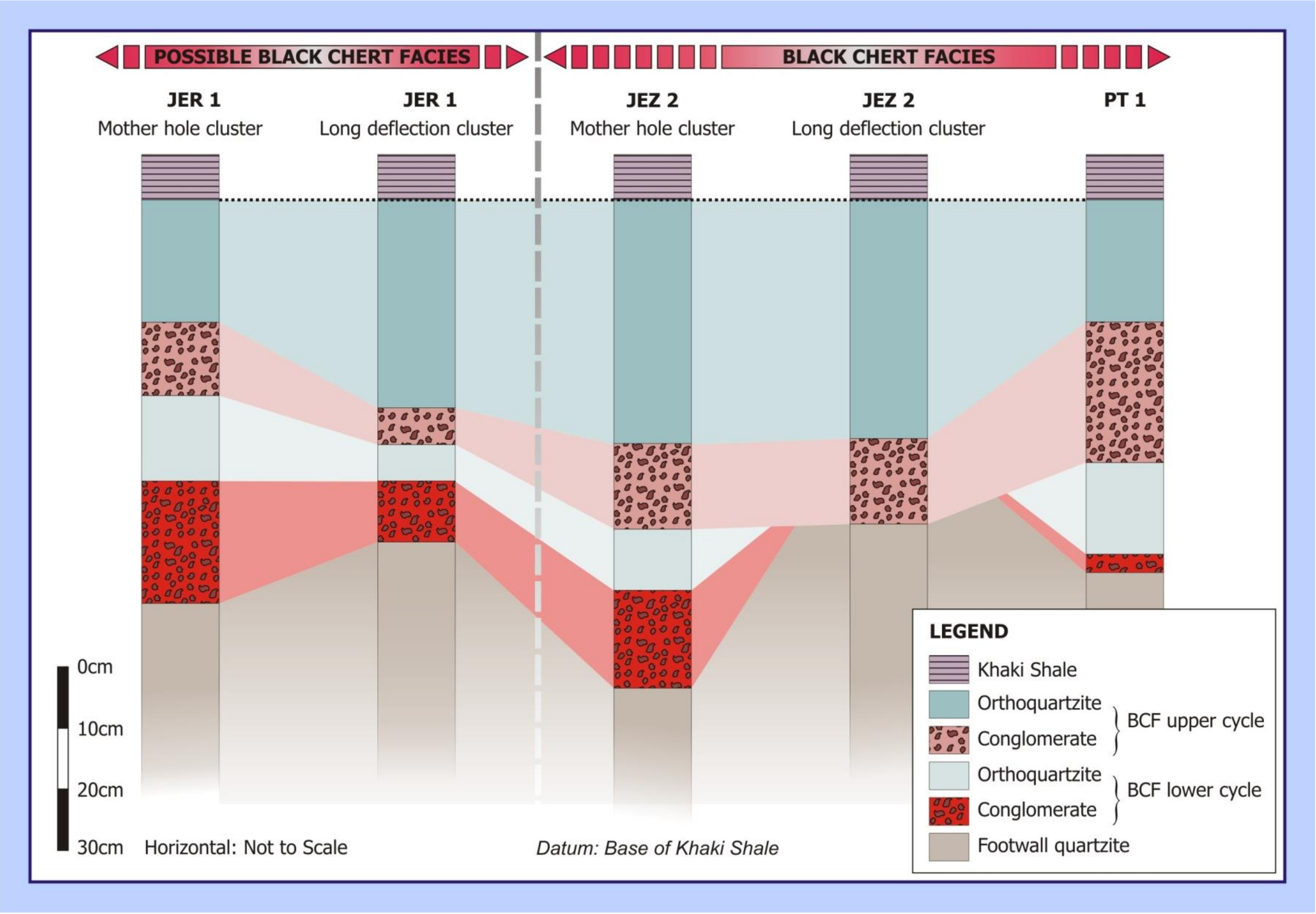

Figure 17: Comparative section through the Basal Reef in boreholes JER1, JEZ2 and PT1

6.1.1 Identification of the Basal Reef

The Basal Reef was positively and correctly identified in the mother hole and all deflections in PT1. The risk of misidentification of the Basal Reef in borehole core or miscorrelation of the unit is not considered likely. Reef intersections in borehole PT1 were classified as belonging to the Black Chert Facies (Section 5.4).

6.1.2 Borehole sampling and assaying due diligence

Appropriate CRMs and Blanks were inserted into the PT1 sampling stream to check for laboratory accuracy and contamination.

The CRM was obtained from African Mineral Standards (AMIS). Of the CRM produced by the company, AMIS 0077 was considered to be the most representative of the rock type to be assayed from the Jeanette project, with a reported abundance of 12 g/t Au (±0.84 g/t at 2σ). The ore source for AMIS 0077 CRM was the Carbon Leader Reef supplied by AngloGold Ashanti's West Wits operations. This CRM has been used previously in Jeanette core sampling.

Blank material was sourced from Rolfe's Silica near Brits in the North West Province, which produces various grades of certifiable >98% silica from its quarry in the Magaliesberg quartzite. Blank material is used between reef samples as a scavenging agent to ensure no remnant contamination exists in the sample preparation equipment that could affect subsequent assay results.

The CRMs and Blanks were placed at specific positions within the sampling stream, guided generally by the following protocols:

- CRM – adjacent to a reef sample. A total of seven CRMs were placed in the Basal Reef sample stream; and,
- Blanks – at the beginning of each new deflection and randomly throughout the deflections. A total of 14 Blanks were inserted into the sampling stream.

Sample preparation protocols were guided by The Mineral Corporation and followed as per previous exercises defined in Section 6.2.

Samples were assayed by Genalysis Laboratory Services (Pty) Ltd (Genalysis) of Sloane Park, Johannesburg. Genalysis is an ISO/IEC 17025 accredited laboratory. Genalysis was aware of neither the nature of the samples delivered nor the CRM used in the re-sampling program. Laboratory turn-round time was approximately five weeks.

The whole dataset of PT1 Basal Reef borehole assay results and commentary on acceptability are shown in Table 7. The information is tabulated generally by order of deflection number and shows the original positions of CRM and Blank placement. Gold accumulations have been calculated on the basis of the reef assays, reef thickness and apparent core bedding angles, angles (measured throughout by Taung as 20° and confirmed by The Mineral Corporation) and include those gold assays received from the immediate hangingwall sample to the Basal Reef

(Middling Quartzite), where this was recorded as being present. Footwall assays were excluded from reef calculations. The average sample length of the original half cores and duplicated quarter cores was 18cm. This is an acceptable sampling length given the width of the Basal Reef.

6.1.3 Intersection acceptability

Of the 13 Basal Reef intersections reported in PT1, the complete core from 3 deflections was removed for geotechnical and metallurgical testing and was not sampled. A further 3 deflections intersected reef that were either faulted or broken to the extent, that no meaningful sampling could be carried out. A further 3 intersections were sampled but on examination of the remaining half core it was decided that faulting had removed too much of the Basal Reef succession to allow the intersections to be considered acceptable for use in estimation. The remaining 4 intersections were retrieved intact and were considered acceptable for use in Mineral Resource estimation. Details of intersection acceptability are provided in Table 6.

Table 6: PT1 Intersections Summary (Basal Reef)

Acceptable Cuts Sampled and Reported							
Defl #	**Depths**		**Core length**	**Corr core length (m)**	**Au (g/t)**	**Au (cm.g/t)**	**Comments**
	From	**To**					
0	1 825.85	1 826.405	0.56	0.52	6.3	330	
2	1 826.32	1 826.89	0.57	0.54	1.3	68	
3	1 826.04	1 826.575	0.54	0.50	2.6	132	
7	1 827.35	1 828.00	0.65	0.61	6.5	400	
Average						233	

Unacceptable Cuts Sampled, Not Reported							
Defl #	**Depths**		**Core length**	**Corr core length (m)**	**Au (g/t)**	**Au (cm.g/t)**	**Comments**
	From	**To**					
9	1 826.86	1 827.46	0.60	0.56	2.2	123	
10	1 827.09	1 827.96	0.87	0.82	4.2	345	faulted
13	1 826.16	1 826.89	0.73	0.69	2.3	156	faulted
Average						208	

Other Cuts	
Defl #	**Comments**
1	Not acceptable - broken reef
4	Acceptable but used for geotechnics
5	Not acceptable - faulted
6	Sent for metallurgical testing
8	Acceptable but used for geotechnics
11	Deflection abandoned - rods broken
12	Not acceptable - faulted

6.1.4 Standards

An assessment of laboratory accuracy was carried out on assay values received from the AMIS 0077 CRM standard placed into the sampling stream. Gold assays display a good dispersion about the mean with no particular bias (Figure 18).

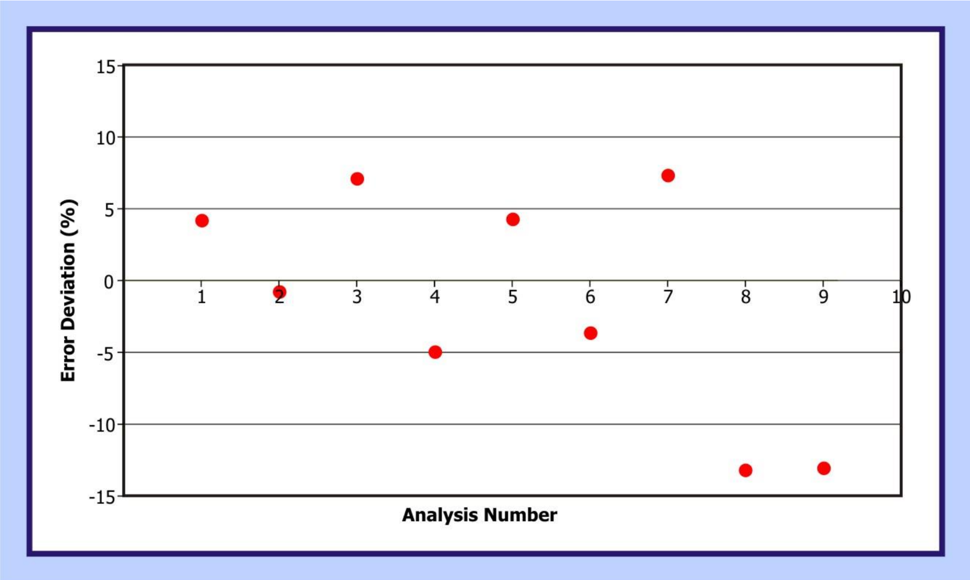

Figure 18: Gold error deviation plot for AMIS 0077 (12.0g/t) and Genalysis assays

6.1.5 Blanks

All assays for material submitted as Blanks returned values less than the laboratory detection limit for gold (0.005g/t).

6.1.6 Duplicate re-assaying

The Mineral Corporation has carried out an independent check on selected reject borehole pulp samples through a third party laboratory (Set Point Laboratory, Johannesburg). Pulp samples were selected by The Mineral Corporation to provide a representative range of gold values from the PT1 dataset. Samples selected for duplicate analysis were W1400 (Initial Blank), W1405, W1414, W1422 and W1428 (Table 7).

Gold grades were compared with those derived from the initial sampling to provide a basis on which to assess variability. The pairs of assay results are shown in Table 8. Figure 19 provides a mean deviation graph of the two sets of data for gold. The spread of gold assay data points either side of the x-axis in Figure 19 indicates that in general there is no particular bias towards either the original or the re-sampled gold assay data set.

The Mineral Corporation reports that there appears to be no significant bias evident in the laboratory during the assaying of PT1 and all the relevant assays may be used in the Mineral Resource estimation process.

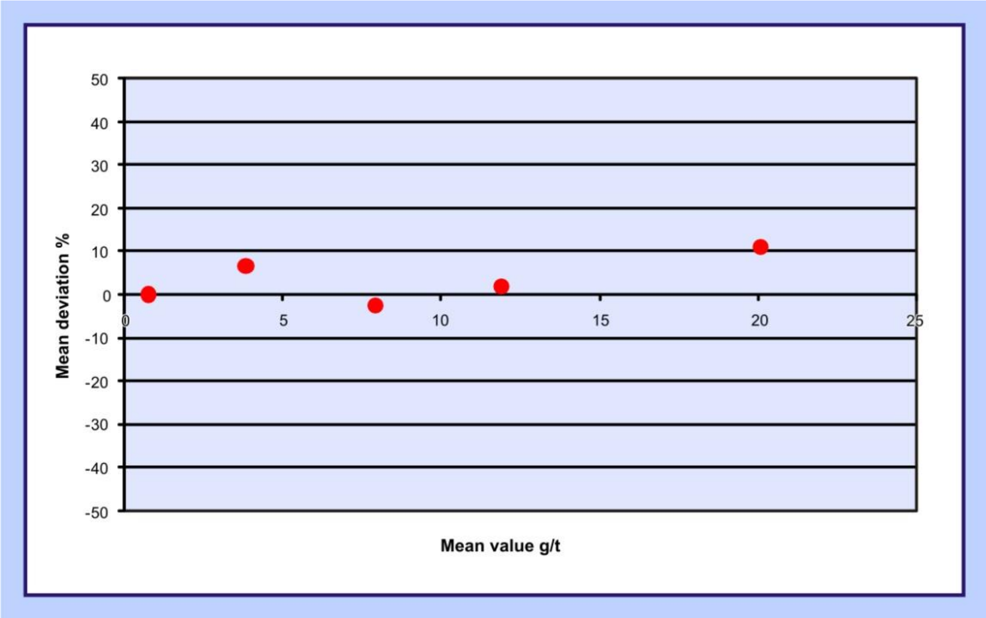

Figure 19: Mean deviation graph for PT1 based on original and duplicate assay results

6.2 Due Diligence Review Anglo American Corporation Data

Exploration in the Jeannette Mine lease area has been carried out in several drilling campaigns since the 1930s. Ownership changes in the intervening period have resulted in some difficulty in sourcing the majority of reported intersections on the Basal Reef. The Taung staff was able to locate five boreholes out of a total of sixteen that reportedly intersected Basal Reef. This represents approximately 30% of the total data set reported on the property.

Four of these borehole intersections are located in the southern half of the mine lease area, hosted by the Black Chert Facies, while the fifth intersection is located in the extreme north of the lease area, reportedly hosted by the Lorraine Facies (Figure 16). This has restricted the areal extent for which the confirmatory sampling exercise can be applied. Of some concern is the absence of any available Basal Reef intersection data within 1000m of the underground development around the shaft area.

All available borehole core was laid out for scrutiny by Taung employees prior to the due diligence visit.

The available boreholes used in the confirmatory sampling exercise were therefore WR1, HB1, MB1, HB2 and JER1 (Figure 20). Although higher stratigraphic portions of borehole LW1 were available, no intersections of Basal Reef could be located in the Welkom core yard. In addition, while some drill core from borehole AL2 was available, it was clearly representative of a highly faulted stratigraphic interval in the region of the Kimberley Formation, and therefore of no use for this exercise.

Table 7: PT1 Basal Reef assay results

BHID	Defl No	Sample No	Depth from (m)	Depth to m	True width (m)	Dip deg	Corrected width (m)	Au g/t (ppm)	Reef	Au (cm.g/t)	Comment on representivity	Additional comments
PT1	0	W1401	BLANK					X				
PT1	0	W1402	1825.85	1826.04	0.19	20	0.18	0.11	BASAL	**2**	Representative	acceptable from field observations
PT1	0	W1403	1826.04	1826.25	0.21	20	0.20	1.02	BASAL	**20**	Representative	acceptable from field observations
PT1	0	W1404	AMIS 0077					12.85				
PT1	0	W1405	1826.25	1826.405	0.155	20	0.15	21.17	BASAL	**308**	Representative-minor carbon chips missing	acceptable from field observations
PT1	0	W1406	BLANK					X				
PT1	0	W1407	1826.405	1826.635	0.23	20	0.22	0.11	BASAL	**2**	Representative	footwall?
PT1	0	W1408	1826.635	1826.93	0.295	20	0.28	0.08	BASAL	**2**	Representative	footwall?
PT1	3	W1418	BLANK					X				
PT1	3	W1419	1826.04	1826.21	0.17	20	0.16	0.24	BASAL	**4**	Representative	acceptable from field observations
PT1	3	W1420	1826.21	1826.43	0.22	20	0.21	1.06	BASAL	**22**	Representative	acceptable from field observations
PT1	3	W1421	AMIS 0077					11.4				
PT1	3	W1422	1826.43	1826.575	0.145	20	0.14	7.82	BASAL	**107**	Carbon seam absent or poorly developed	acceptable from field observations
PT1	3	W1423	BLANK					X				
PT1	3	W1424	1826.575	1826.725	0.15	20	0.14	0.11	BASAL	**2**	Representative	footwall?
PT1	3	W1425	1826.725	1826.895	0.17	20	0.16	0.03	BASAL	**0**	Representative	footwall?
PT1	2	W1409	BLANK					X				
PT1	2	W1410	1826.32	1826.45	0.13	20	0.12	0.15	BASAL	**2**		acceptable from field observations
PT1	2	W1411	1826.45	1826.59	0.14	20	0.13	0.71	BASAL	**9**		acceptable from field observations
PT1	2	W1412	1826.59	1826.77	0.18	20	0.17	0.7	BASAL	**12**		acceptable from field observations
PT1	2	W1413	AMIS 0077					12.51				
PT1	2	W1414	1826.77	1826.89	0.12	20	0.11	3.98	BASAL	**45**		acceptable from field observations
PT1	2	W1415	BLANK					X				
PT1	2	W1416	1826.89	1827.09	0.2	20	0.19	0.07	BASAL	**1**		footwall
PT1	2	W1417	1827.09	1827.28	0.19	20	0.18	0.09	BASAL	**2**		footwall
PT1	7	W1426	BLANK					X				
PT1	7	W1427	1827.35	1827.54	0.19	20	0.18	0.29	BASAL	**5**		acceptable from field observations
PT1	7	W1428	1827.54	1827.75	0.21	20	0.20	0.78	BASAL	**15**		acceptable from field observations
PT1	7	W1429	AMIS 0077					11.56				
PT1	7	W1430	1827.75	1828	0.25	20	0.23	16.14	BASAL	**379**	Representative	acceptable from field observations
PT1	7	W1431	BLANK					X				
PT1	9	W1449	BLANK					X				
PT1	9	W1450	1826.86	1827	0.14	20	0.13	0.08	BASAL	**1**		not acceptable - folded and faulted
PT1	9	W1451	1827	1827.28	0.28	20	0.26	4.28	BASAL	**113**		not acceptable - faulted sequence
PT1	9	W1452	AMIS 0077					12.88				
PT1	9	W1453	1827.28	1827.46	0.18	20	0.17	0.58	BASAL	**10**		not acceptable - faulted sequence
PT1	9	W1454	BLANK					X				
PT1	9	W1455	1827.46	1827.61	0.15	20	0.14	0.25	BASAL	**4**		not acceptable - faulted sequence
PT1	9	W1456	1827.61	1827.72	0.11	20	0.10	0.14	BASAL	**1**		not acceptable - faulted sequence
PT1	10	W1432	BLANK					X				
PT1	10	W1433	1827.09	1827.45	0.36	20	0.34	0.28	BASAL	**9**		not acceptable - faulted sequence
PT1	10	W1434	1827.45	1827.66	0.21	20	0.20	0.84	BASAL	**17**		not acceptable - faulted sequence
PT1	10	W1435	AMIS 0077					10.41				
PT1	10	W1436	1827.66	1827.96	0.3	20	0.28	11.33	BASAL	**319**	Representative	not acceptable - faulted sequence
PT1	10	W1437	BLANK					X				
PT1	10	W1438	1827.96	1828.1	0.14	20	0.13	0.2	BASAL	**3**		
PT1	10	W1439	1828.1	1828.27	0.17	20	0.16	0.08	BASAL	**1**		
PT1	13	W1440	BLANK					X				
PT1	13	W1441	1826.16	1826.28	0.12	20	0.11	1.14	BASAL	**13**		not acceptable - faulted sequence
PT1	13	W1442	1826.28	1826.55	0.27	20	0.25	0.45	BASAL	**11**		not acceptable - faulted sequence
PT1	13	W1443	AMIS 0077					10.43				
PT1	13	W1444	1826.55	1826.7	0.15	20	0.14	0.7	BASAL	**10**		not acceptable - faulted sequence
PT1	13	W1445	1826.7	1826.89	0.19	20	0.18	6.82	BASAL	**122**		not acceptable - faulted sequence
PT1	13	W1446	BLANK					X				
PT1	13	W1447	1826.89	1827.12	0.23	20	0.22	0.2	BASAL	**4**		not acceptable - faulted sequence
PT1	13	W1448	1827.12	1827.3	0.18	20	0.17	0.01	BASAL	**0**		not acceptable - faulted sequence

denotes Basal Reef intersection - accepted
denotes Basal Reef intersection - not accepted

Basal Reef intersections from the five boreholes reviewed displayed varying degrees of grinding and core loss, ranging from complete eradication of the hydrocarbon-rich bottom contact, to complete preservation. The nature of this review, which involved quartering of existing core, dictated that the deflections chosen for re-sampling were those that displayed minimal core loss.

Table 8: Comparison between original and duplicate pulp sample analysis for PT1 using different laboratories

Sample no.	Original Au assay g/t - Genalysis	Duplicate Au assay g/t – SetPoint
W1400	12.00	11.8
W1405	21.17	19.0
W1414	3.98	3.72
W1422	7.82	8.02
W1428	0.78	0.78

It should be noted that it was the AAC practice to log and sample in detail the locations of reef that were anticipated to be mineralized and log the major stratigraphic zones and sub-zones. A full record of the rock types intersected are preserved in the borehole logs.

6.2.1 Establishment of structural continuity

The extensive drilling campaign of the late 1970s carried out by AAC enabled the compilation of a Basal Reef structure plan. The geological structure on the boundaries of the Jeannette Mine property was well established from surrounding mining operations at Freegold North, Lorraine and the Melkkraal exploration venture to the south, west and east respectively. The resultant structure map shown in Figure 21 has thus been informed from a combination of boreholes drilled in the Jeannette Mine property and through interpretation from surrounding operations and projects, and is considered to be of sufficient accuracy for a project at this stage of development.

6.2.2 Identification of the Basal Reef

The Basal Reef lies on a well defined paleo-surface that can be followed clearly in underground development and through borehole interpretation across the entire Northern Free State Goldfield. Development of the immediately overlying Khaki Shale horizon is also notably consistent across the area. Numerous historical reports covering aspects of sedimentology and reef facies identification are available for scrutiny. The risk of misidentification of the Basal Reef in borehole core or miscorrelation of the unit is therefore very low, and is not considered a significant risk.

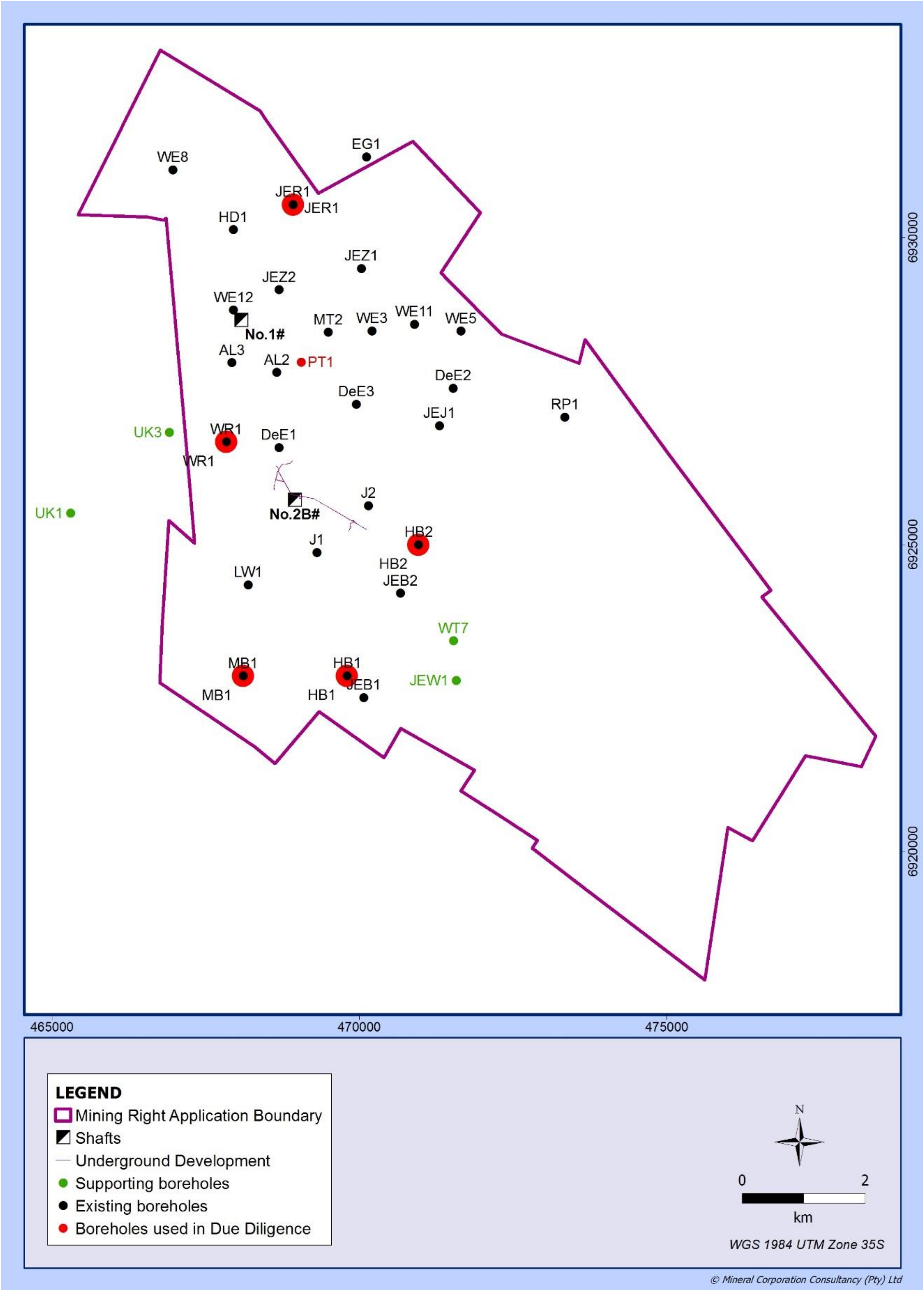

Figure 20: Map of Jeannette Mine lease area showing locations of boreholes used in the due diligence highlighted in red

6.2.3 Basal Reef facies variation

Classification of four facies types of Basal Reef in the Jeanette region was proposed by Muntingh, whose conclusions are recorded in various AAC reports. The facies have been used to inform reef depositional models in the northern Free State Goldfield. Muntingh's system was based on extensive on-mine observations and regional cross-correlation involving numerous borehole intersections.

Recognition of what Muntingh referred to as the 'Black Chert' facies was instrumental in defining a mineral resource on the Jeannette Mine, where higher Basal Reef grades were observed in association with this specific facies. Facies distribution maps have been compiled for Jeannette Mine from observed data, and have been referenced in previous Mineral Corporation reports presented to Taung Gold in support of the definition of an Inferred Mineral Resource.

The Black Chert facies was shown to be preferentially developed in the southern and western areas of Jeannette Mine, including the old No. 2B Shaft development area (Figure 16).

The area represented by the Black Chert facies is bordered to the east by a poorly constrained 'overlap' zone some 1000m wide in which a reported mixed facies of Black Chert and Lorraine facies is present. The Lorraine facies represents a distal deposition of Basal Reef dominated by an insignificant pebble layer lying at the base of a thin siliceous quartzite, and carries a lower gold and uranium value. Borehole intersections constraining this zone are however widely separated with a reported low core recovery on the critical bottom reef contact. The overlap facies zone is therefore generally poorly understood and may not constitute a separate entity.

The absence of available borehole intersections maintains the facies' higher risk status. The intersection of borehole HB2, reviewed during this exercise, is reported to lie within the overlap facies zone but displays similar characteristics to the Black Chert facies developed elsewhere on the property.

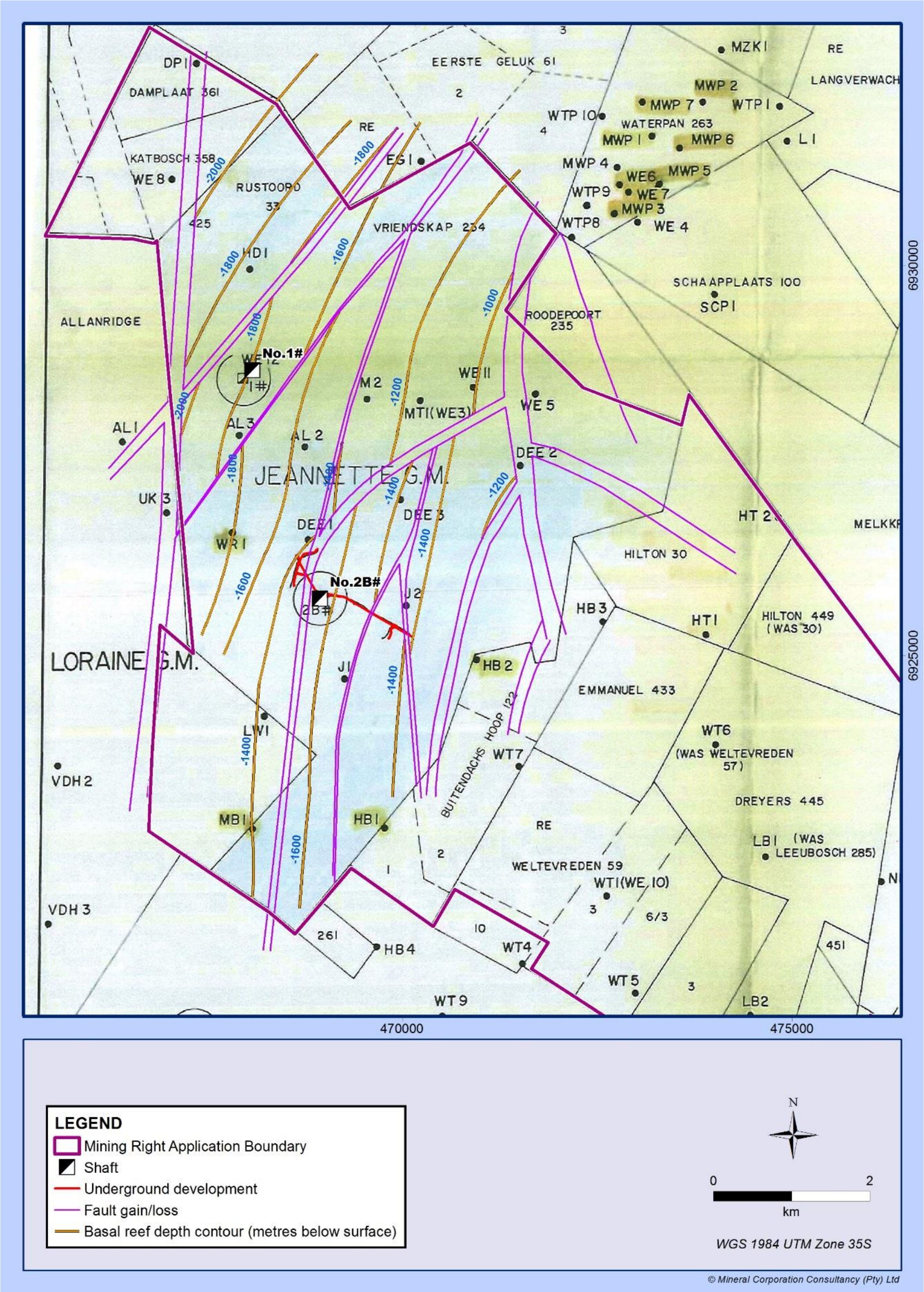

Figure 21: Basal Reef structure (sourced from AAC archived report)

Table 9: Basal Reef re-sampling programme – all data

	Borehole name	Deflection number	Reef sampled	Depth from (m)	Depth to (m)	Measured core length (cm)	Apparent dip (°)	Corrected sample width (cm)	Laboratory Au assay (g/t)	Au content (cm.g/t)	Type of sample	Sample number	Accumulated Au content (cm.g/t)	Original borehole Au value (cm.g/t)
1														
2														
3	WR1	0	Basal	1 821.00	1 821.16	16.00	18	15.2	9.22	140	Reef	W1001	140	no records
4	WR1	0	Basal	1 821.16	1 821.34	18.00	18	17.1	0.81	14	FW	W1002		
5	WR1	2?	Basal	0.00	0.19	18.50	18	17.6	39.00	686	Reef	W1003	686	no records
6									11.37	0	Standard	W1004		
7									0.23	0	Blank	W1005		
8	WR1	0	B	1 654.14	1 654.35	20.50	10	20.2	0.27	5	HW	W1006	33	no records
9	WR1	0	B	1 654.35	1 654.61	26.00	10	25.6	1.06	27	Reef	W1007		
10	WR1	0	B	1 654.61	1 654.80	19.50	10	19.2	0.63	12	FW	W1008		
11									0.06	0	Blank	W1009		
12	WR1	8	Basal	1 854.25	1 854.46	21.00	20	19.7	27.84	549	Reef	W1010	549	570
13	WR1	8	Basal	1 854.46	1 854.76	30.00	20	28.2	0.09	3	FW	W1011		
14									0.02	0	Blank	W1012		
15	HB1	8	B	1 264.46	1 264.79	33.00	15	31.9	4.22	135	Reef	W1013	135	244
16	HB1	8	B	1 264.79	1 264.99	19.50	15	18.8	0.07	1	FW	W1014		
17									10.72	0	Standard	W1015		
18									0.03	0	Blank	W1016		
19	HB1	5	Basal	1 447.85	1 448.24	39.00	10	38.4	17.68	679	Reef	W1017	679	700
20	HB1	5	Basal	1 448.24	1 448.55	31.00	10	30.5	0.16	5	FW	W1018		
21									0.03	0	Blank	W1019		
22	HB1	6	Basal	1 447.54	1 447.82	28.00	5	27.9	4.86	136	Reef	W1020	136	90
23	HB1	6	Basal	1 447.82	1 448.05	22.50	5	22.4	0.19	4	FW	W1021		
24									0.03	0	Blank	W1022		
25	MB1	1	Basal	1 420.97	1 421.28	31.00	5	30.9	0.78	24	HW	W1023	211	395
26	MB1	1	Basal	1 421.28	1 421.53	25.50	5	25.4	7.35	187	Reef	W1024		
27									10.45	0	Standard	W1025		
28	MB1	1	Basal	1 421.53	1 421.84	31.00	5	30.9	0.10	3	FW	W1026		
29									0.02	0	Blank	W1027		
30	JER1	0	Basal	1 767.77	1 768.10	32.50	5	32.4	0.88	29	HW	W1028	874	428
31	JER1	0	Basal	1 768.10	1 768.45	35.50	5	35.4	23.92	846	Reef	W1029		
32	JER1	0	Basal	1 768.45	1 768.66	21.00	5	20.9	0.13	3	FW	W1030		
33									0.03	0	Blank	W1031		
34	JER1	6	Basal	1 785.78	1 786.07	29.00	10	28.6	0.28	8	HW	W1032	286	no records
35	JER1	6	Basal	1 786.07	1 786.42	35.00	10	34.5	8.06	278	Reef	W1033		
36	JER1	6	Basal	1 786.42	1 786.80	38.00	10	37.4	0.15	6	FW	W1034		
37									0.01	0	Blank	W1035		
38	JER1	23	Basal	1788.85	1 789.16	31.00	5	30.9	0.19	6	HW	W1036	387	no records
39									11.37	0	Standard	W1037		
40	JER1	23	Basal	1 789.16	1 789.44	28.00	5	27.9	13.67	381	Reef	W1038		
41	JER1	23	Basal	1 789.44	1 789.77	33.00	5	32.9	0.07	2	FW	W1039		
42									0.02	0	Blank	W1040		
43	HB2	12	Basal	1 594.09	1 594.40	31.00	10	30.5	0.16	5	HW	W1041	9	19
44	HB2	12	Basal	1 594.40	1 594.64	24.00	10	23.6	0.18	4	Reef	W1042		
45	HB2	12	Basal	1 594.64	1 594.97	33.00	10	32.5	0.13	4	FW	W1043		
46									0.01	0	Blank	W1044		
47	HB2	18	Basal	1 588.76	1 589.15	38.50	10	37.9	0.13	5	HW	W1045	315	245
48									11.26	0	Standard	W1046		
49	HB2	18	Basal	1 589.15	1 589.50	35.50	10	35.0	8.88	310	Reef	W1047		
50	HB2	18	Basal	1 589.50	1 589.87	37.00	10	36.4	0.15	5	FW	W1048		

In the absence of hard evidence to support the existence of the Lorraine facies in the north of the Jeannette property, this may indicate that the Black Chert facies abuts against the Melkkraal facies. Although mineral resource implications are likely to be insignificant, there is likely to be a small improvement in value in this area due to the increased reef width and consequently greater gold accumulations. However at this stage it is felt that there is insufficient data on the mutual interaction of the two facies to affect the current facies model.

It was therefore decided to re-sample a greater number of deflections from borehole JER1 to ascertain the variability in gold and uranium accumulations across three representative intersections. Some significant uranium mineralization was also identified (Figure 22).

All remaining intersections scrutinized during the exercise displayed similar visual characteristics described by Muntingh as the Black Chert facies.

Figure 22: Core recovery: Complete loss of bottom contact in borehole HB1

6.2.4 Sampling of other reefs

During the review, an opportunity arose to sample two previously un-sampled B Reefs from boreholes WR1 and HB1. Although data from these intersections is not used in the grade verification exercise, they are included in the analysis of laboratory accuracy.

6.2.5 Confirmatory sampling program

- All five boreholes containing Basal Reef intersections were unpacked for inspection at the Welkom core yard. Core integrity, marking and handling exceptions were noted. A stratigraphic due diligence exercise was then carried out to verify the positions of the target reef horizon and other prominent markers.

The following due diligence procedure was followed for each borehole intersection examined:

- Check that borehole intersection end depths concur with logging information, and note if these are not available or if substantial discrepancies occurred;
- Scan through the borehole core to check for core continuity and establish if areas of loss have been adequately recorded on the core, with appropriate written indication and depth check controls;
- Validate start and end depth of each reported deflection against logs, if available;
- Establish contact depths of the main lithological and stratigraphic zone boundaries within the Witwatersrand succession and compare with logged information (if available);
- Establish positions of main stratigraphic horizons from Leader Reef and Khaki Shale to the Basal Reef;
- Check briefly the appropriateness of the original sampling of each reef intersection. For instance, the Anglo American sampling standard for the Basal Reef involves the inclusion of 2cm of hangingwall and footwall stratigraphy in the reef sample which should be adhered to;
- If notable reef horizons had not been sampled in previous campaigns, these are identified but no sampling is carried out unless approval is obtained from Taung staff.

Since the aim of the exercise was limited to the confirmation of the presence of gold in the core and provision of a value comparison, only one or two selected deflections from each borehole were identified for re-sampling. The selection criteria were based on core integrity and completeness. Structurally disturbed intersections were not considered. Fortunately there were a sufficiently large number of intact reef intersections available and this was not a concern. The average sample length taken by AAC that bridged over the Basal Reef and Middling Quartzite for these cores was 29cm. Based on the geology of the Basal Reef this is an acceptable method of sampling.

The exercise included the insertion of appropriate Certified Reference Material (CRM) and barren material (Blanks) into the sampling stream to check for laboratory accuracy and contamination respectively.

CRM was obtained from African Mineral Standards. Of the CRM produced by the company, AMIS 0077 was considered to be the most representative of the rock type to be assayed from the Jeannette project, with reported concentrations of 12ppm (g/t) Au (±0.84ppm at 2 standard deviations).

The ore source for AMIS 0077 CRM was supplied by Anglogold Ashanti's West Wits operations from the Carbon Leader Reef.

Blank material was sourced from Rolfes Silica near Brits in the North West Province, which produces various grades of certifiable >98% silica from its quarry in the Magaliesberg quartzite. Blank material is used between reef samples as a scavenging agent to ensure no remnant contamination exists in the sample preparation equipment that could affect subsequent assay results.

CRMs and Blanks are placed at specific positions within the sampling stream, guided by the following protocol:

- CRM – adjacent to a reef sample, widely spaced throughout the sample stream;
- Blanks – between sampling of successive boreholes and deflections.

An idealized order of placement, progressing stratigraphically down the borehole is as follows:

- Blank
- Hangingwall sample #1
- (Hangingwall sample #2 if applicable)
- CRM
- Reef sample #1
- (Reef sample #2 if applicable)
- Footwall sample #1
- (Footwall sample #2 if applicable)
- Blank

Variations in CRM placement due to practicalities are considered permissible; however Blanks are placed between every successive intersection sampled to ensure no cross-contamination between boreholes or deflections has occurred. Items in parentheses are optional depending on intersection thickness.

It is noted that for this exercise, CRMs were inserted into the sample stream in the offices of The Mineral Corporation in Johannesburg, so as to avoid all possibility of on-site contamination.

For each chosen intersection, the following core marking protocol is observed:

- Decide on a start and end depth for each sample (based on AAC's '2cm' rule of taking this amount of hangingwall and footwall material with the reef sample to allow for possible re-mobilization of gold. If no natural break exists, the core is broken as close to this position as possible);
- Record the bedding dip angle in the field note book;
- Taking the accepted drillers' core depths, indicate any full metre on the half core with a permanent marker;
- Decide on the top and bottom depths of each sample and highlight the breaks in the core with a china marker;
- Starting from the stratigraphic top of the intersection, mark the sampling starting depth on the top side of the core to be sampled;
- Mark the measured sample depth that corresponds to the end of each sample on the top side of the core;

- Write the sample ticket number in permanent marker roughly midway along the sample on the cut side of the core, taking cognisance of positions of Blank and CRMs in the sample stream;
- Place a black cutting mark on the cut surface down the centre of the entire length of core to be sampled, ensuring it aligns exactly parallel to the axis of the core and therefore precisely bisects the core;
- Transfer the entire piece of half core to a clean separate box ensuring no mix-up occurs;
- Friable pieces of core that may be prone to disintegration during sawing should be bound with masking tape prior to sawing, which should be removed carefully afterwards, while maintaining the protocols outlines above.

Each sample was sawn with a diamond saw blade according to the following procedure:

- Taking each sample in turn saw the core exactly down the black line marked on the flat surface of the half core;
- Replace both halves of the sawn core (now in quarters) back in their original positions in the core tray, ensuring that the piece to be sampled (i.e. the piece without china marker labels) lies adjacent to the piece that will remain as a check, i.e. with markings;
- Repeat this for the entire borehole sample;
- The sawn core should ideally be allowed time to dry naturally before being placed in the sample bag, but away from possible contaminants;
- Take each piece of core to be sampled from its position in the core tray and place it in a new plastic bag;
- Take a pre-marked ticket from the ticket book and place 2 tickets in the sample bag with the core sample; Record in the field book the borehole number, deflection, depth from, depth to, stratigraphy, lithology, dip angle, sample ticket number and type of sample (Hangingwall, Reef, Footwall, CRM, Blank).

Once all the sampling is complete, the sample ticket number must be written boldly on the outside of each bag in sequence and the bag completely sealed and stapled to prevent all possibility of contamination. Bags intended for the CRMs should contain the sample tickets and be marked on the outside with the sample number but then put aside in a clean environment until each CRM is placed inside the bag.

The marked half core is finally returned to its original place in the core tray. Appropriate comments should be noted in the tray, stating details of why the core was re-sampled, by whom and when.

For the purpose of this review, the various sampling stages were photographed (Figure 23 and Figure 24). However, it would be considered generally acceptable for record keeping purposes if photographs of marked core were taken prior to diamond sawing only.

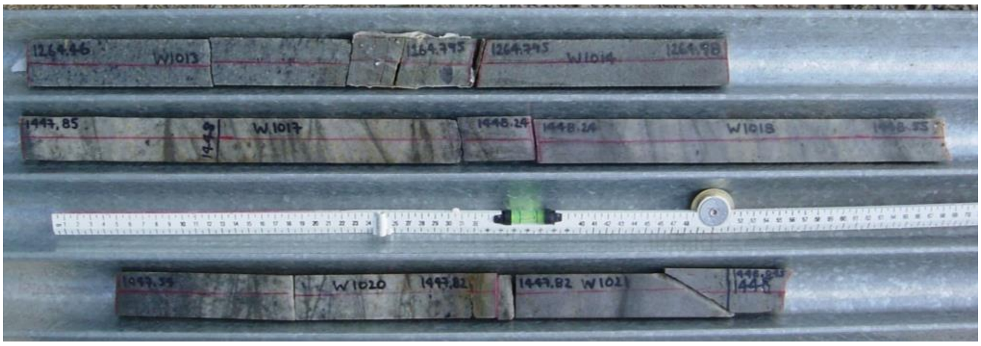

Figure 23: Correct depth marking: Borehole HB1 (B Reef) deflections 8, 5 and 6 (from top to bottom), showing an example of correct depth and sample marking prior to sawing. Note that all the core markings lie on the upper side of the cut line

Figure 24: Sawn core from borehole WR1 (Basal Reef) deflections 0 and 2 showing removal of masking tape (used by AAC to preserve friable portions of the core) prior to sawing

6.2.6 Laboratory used for assaying the Jeannette samples

Samples from the Jeannette Mine re-sampling project were assayed by Set Point Laboratories (Set Point) located in Isando, Johannesburg. Set Point is an ISO17025 accredited laboratory specializing in gold and platinum group elements analysis to 1 part per billion detection levels.

Set Point was unaware of the nature of the reference material used in the re-sampling program. Laboratory turn-round time was approximately five weeks.

6.2.7 Results of the re-sampling review

6.2.7.1 Core and core box integrity

The core from the five available boreholes was generally in good condition, with no signs of having been displaced on any significant scale. Where previous reef sampling had been carried out, adequate care had been taken to ensure the remaining half core was returned to its correct position. The cleanliness and precision of the sawing suggested that new blades were used to saw the core.

The original core boxes had been remarked on the outside with borehole name and core box number, yet less consideration had been given to ensuring that the depths of the core inside the boxes matched the external labelling. This was not an issue with parent holes, but became more serious with deflection drilling where some more serious mis-labelling was noticed.

6.2.7.2 Core labeling and marking

Generally, the more recent the core was drilled, the better preserved were the core markings. Core from the 1991 AAC exploration campaign (borehole names identified by the 'JE' prefix) was in better condition compared with core drilled from earlier campaigns, where few original core markings were preserved.

Generally all the metre marks have all but disappeared from the core, including those from the 1991 drilling campaign. Accordingly, driller's depth checks, written on the core at the end of each drill run, were used as a guide to stratigraphic depth determination. These were compared with logged stratigraphic intervals to verify the depth of the Basal Reef. Borehole MB1 presented the greatest challenge in this regard, since none of the markings on the borehole deflections were present. Basal Reef depths were interpreted based on the logged width of the Basal Reef and overlying Khaki Shale.

In rare cases, no markings of any kind were present in an entire deflection. In the case of the borehole assumed to be WR1 deflection 2, the depth of the Basal Reef was neither indicated in the logging nor on the core. It is believed that this particular deflection was drilled for structural purposes, which may indicate the loss of interest in the Basal Reef value. However, the reported gold and uranium assay values from the re-sampling exercise are significant.

Some confusion was created by a seemingly universal practice in AAC's drilling campaigns of storing deflections contiguously with the parent hole, without considering separation into discrete core trays. In the absence of permanent core depth marks, this practice caused significant delays in establishing the identity of the core. These issues were partially resolved on site.

It was noted that major depth discrepancies existed between marked Basal Reef depths in the various deflections of borehole JER1. These disparities were often in multiples of 3m or 18m, which is consistent with multiples of drill rod lengths, suggesting a depth calculation error during drilling. However, the reasons for the depths being transcribed onto the final core remain unclear. The database constructed from this data does not note any discrepancy, indicating that these were resolved at an interpretative level. This does not, however, reflect on the core markings and cognisance should still be taken of this issue if the core is revisited.

6.2.7.3 Stratigraphic correlation

A cursory review was carried out on stratigraphic correlation of the major formations within the Witwatersrand sequence. All major formation boundaries were visually validated against borehole logs, and no discrepancies were noted. Depths of the VS5, B and Basal Reefs also tied in well with logged depths. Depth and correlation issues for the Kimberley Formation reefs were noted.

Several Kimberley Formation reef intersections were left un-sampled from original drilling programs. These should be afforded appropriate attention in any subsequent due diligence review of the Kimberley Formation reefs.

6.2.8 Review of assay results

Details of all borehole sampling carried out during the due diligence review are compiled in the spreadsheet contained in Table 10. The information is tabulated by order of sample number, and shows the original positions of CRM and Blank placement. Gold accumulations have been calculated on the basis of the reef assays and measured apparent dip angle and include values received from the immediate hangingwall sample, where this was identified as the siliceous Basal Reef Middling Quartzite. Footwall assays were excluded from reef calculations.

Gold accumulations for each deflection were compared with those derived from the initial sampling to provide a basis on which to assess variability. Comparisons are summarized in Table 10.

Where no original records of accumulations exist, the re-sampling served to inform future evaluation exercises.

Comparisons between the two sources of analysis confirm the presence of gold accumulations in the Jeannette borehole core.

Table 10: Comparison of gold accumulations between original sampling and due diligence review

Borehole	Deflection no.	Reef name	Original Au accumulation (cm.g/t)	Re-sampled Au accumulation (cm.g/t)
WR1	0	Basal	No record	140
WR1	2	Basal	No record	686
WR1	0	B	No record	33
WR1	8	Basal	570	549
HB1	8	B	244	135
HB1	5	Basal	700	679
HB1	6	Basal	90	136
MB1	1	Basal	395	211
JER1	0	Basal	428	874
JER1	6	Basal	No record	286
JER1	23	Basal	No record	387
HB2	12	Basal	19	9
HB2	18	Basal	245	315

Figure 25 is the mean deviation graph of the gold data and the spread of gold assay data points either side of the x-axis indicates that in general there is no particular bias towards either the original or the re-sampled gold assay data set.

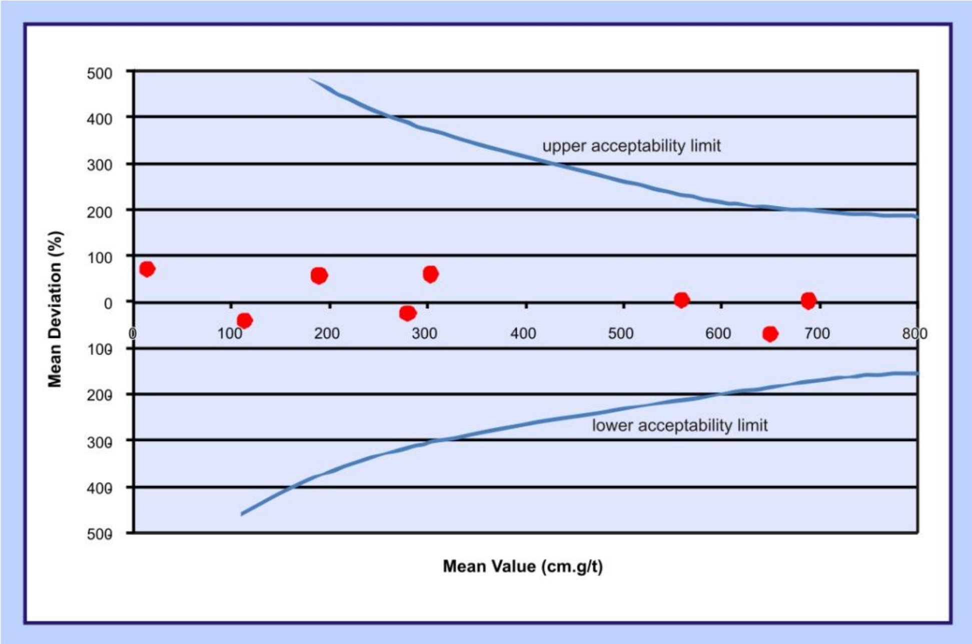

Figure 25: Mean deviation plot – gold accumulation between original and re-sampling exercises

An analysis of the deflection variance for the Basal Reef gold indicates a value of 1 224 942 cmg/t which is higher than the total population variance (each intersection) of 1 046 997 cmg/t. This would indicate a total nugget effect within the Basal Reef on a borehole scale. By employing this nugget effect based on the weighted deflection standard deviation data the acceptable % mean deviation at the 90% confidence limits can be ascertained. These limits are shown as blue lines on the graph in Figure 25, which indicates that no re-sampling is unacceptable.

Based on this analysis of the data portrayed in Figure 25, all of the gold re-sampling data provides comfort that the original gold analyses are acceptable.

6.2.8.1 Standards

An assessment of laboratory accuracy was carried out on assay values received from the CRM standards placed into the sampling stream with certified values received from AMIS in respect of CRM no. AMIS 0077. Gold assays indicate a consistent under-evaluation of AMIS 0077 (Figure 26).

6.2.8.2 Blanks

With a single exception, all gold assays of Blank material returned values of less 0.06g/t, indicating reasonable laboratory control of contamination (Figure 27).

6.2.9 Survey Data

Borehole and reef intersection location data is based on scaling from the AAC plans. The precise method of surveying borehole collar locations by AAC is not fully understood, however, the protocol AAC employed at the time, required them to be surveyed by a qualified land surveyor. Boreholes drilled prior to 1991 were not surveyed down the hole's full length. Survey location errors of up to several metres will have no impact on the Mineral Resource estimates due to the method of estimation employed. The borehole collar locations and final depths are provided in Table 11.

Table 11: Borehole collar locations and final depths

BHID	X UTM	Y UTM	Z (Elevation mamsl)	Depth
AL2	468 670	6 927 630	1 313.15	1 859.28
AL3	467 884	6 927 803	1 317.39	1 769.40
DeE1	468 862	6 926 567	1 317.47	1 548.99
DeE2	471 503	6 927 378	1 310.66	1 352.09
DeE3	470 137	6 927 019	1 314.84	1 447.19
EG1	470 222	6 931 262	1 306.84	1 589.84
HB1	469 965	6 922 864	1 324.19	1 448.94
HB2	470 944	6 924 943	1 313.05	1 609.34
HD1	468 000	6 930 032	1 308.81	1 858.98
J1	469 406	6 924 782	1 320.29	1 584.66
J2	470 058	6 925 616	1 319.02	1 540.15
JEB1	470 115	6 922 560	1 326.42	1 385.17
JEB2	470 708	6 924 260	1 321.22	1 204.06
JEJ1	471 359	6 926 782	1 312.45	1 613.85
JER1	468 798	6 930 466	1 308.03	2 025.45
JEW1	471 578	6 922 797	1 324.70	1 070.90
JEZ1	470 078	6 929 548	1 310.86	1 572.68
JEZ2	468 736	6 929 200	1 310.27	1 920.00
LW1	468 106	6 924 254	1 318.11	1 541.68
MB1	467 996	6 922 675	1 326.15	1 407.63
MT1	470 201	6 928 309	1 320.00	1 443.13
MT2	469 501	6 928 301	1 312.76	1 351.18
PT1	469 061	6 927 973	1 314.93	1 870.04
RP1	473 330	6 927 012	1 320.00	372.08
WE5	471 672	6 928 257	1 310.53	786.40
WE8	467 117	6 931 172	1 307.13	1 663.60
WE11	470 860	6 928 436	1 307.25	1 069.85
WE12	467 984	6 928 600	1 313.01	1 864.46
WR1	467 806	6 926 609	1 315.87	1 991.87
WT1	472 663	6 921 805	1 324.82	1 830.88
WT2	472 712	6 922 635	1 320.10	1 531.62
WT3	472 890	6 920 214	1 336.00	1 537.72
WT7	471 519	6 923 531	1 328.32	1 813.56

The boreholes in Table 11 were drilled vertically.

6.2.9.1 Conclusions of Anglo American Corporation Data Due Diligence

The database of geological exploration purchased from AAC by Taung is of a quality that can be employed for the estimation of Mineral Resource up to an Indicated classification.

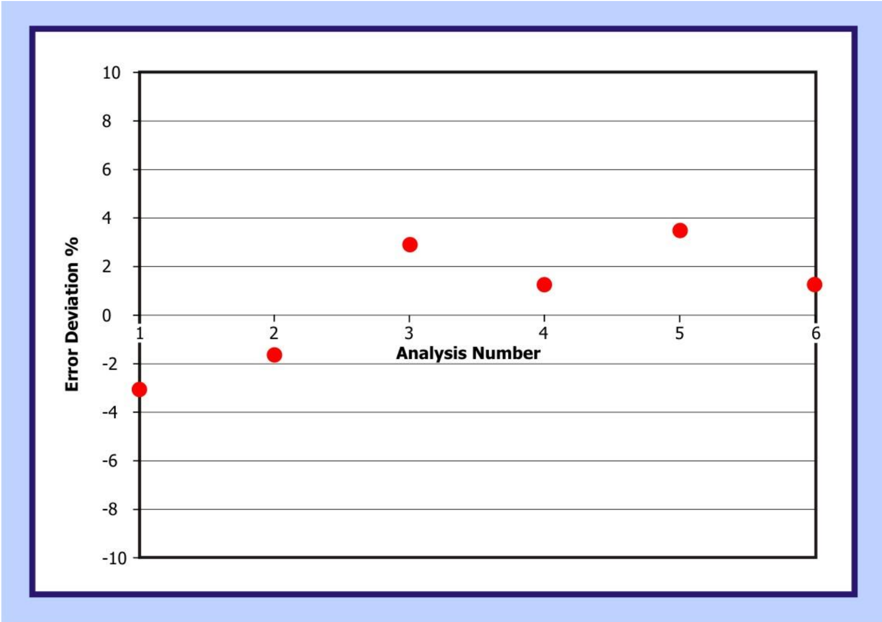

Figure 26: Error deviation plot – certified CRM vs actual gold assay

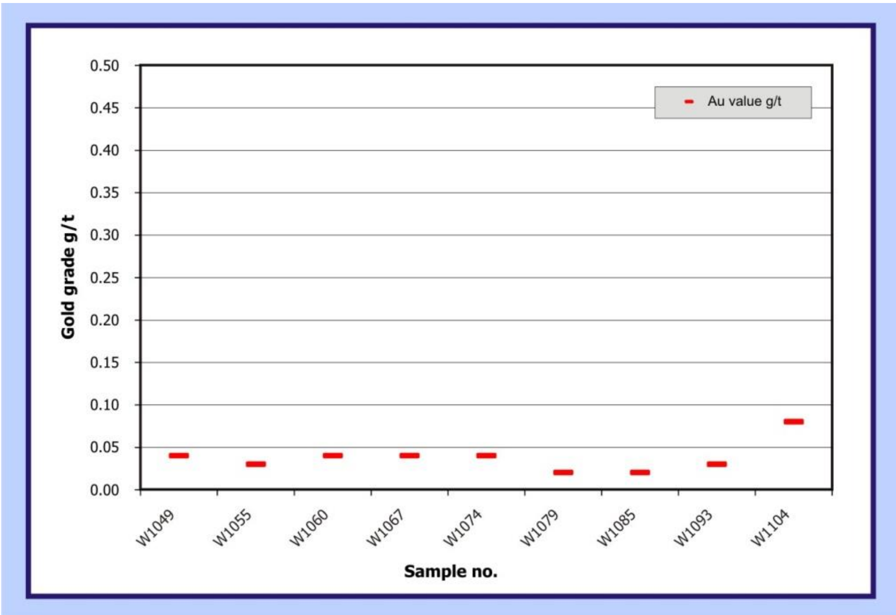

Figure 27: Gold analysis of Blanks

7 MINERAL RESOURCE ESTIMATION – JEANETTE PROJECT

The Jeanette Mine area footprint used for this Mineral Resource estimate is depicted in Figure 16. The Mineral Resources for the Black Chert Facies and Overlap Facies were re-estimated on the basis of the adjusted facies boundaries and the new data received from borehole PT1 (Figure 16).

Two adjustments have been implemented to the position of the Black Chert Facies and Overlap Facies boundaries in the vicinity of boreholes PT1 and JEZ2, as documented in Section 6.1 of this report. The additional area of Black Chert Facies between boreholes PT1 and JEZ2 has resulted in an increase in the area considered to be classified as an Indicated Resource. This adjustment has also forced a slight eastward extension of the Overlap Facies boundary in sympathy with the change in the Black Chert Facies boundary (Figure 16).

7.1 Black Chert Facies Gold Contents

The Black Chert Facies Mineral Resources have been estimated from the borehole and underground sampling that lie within its boundary as shown in Table 12. No capping of results has been applied to the data used for Mineral Resource estimation. The location of the boreholes and underground sampling from development tunnels can be noted from Figure 16.

The underground sampling covers 758m of on reef development but unfortunately only strip averages are available over lengths of between 290m and 3m. The surface drilling provides de-clustered averages on a spacing of approximately 1.7km (Figure 28). For the definition of an Indicated Basal Reef Mineral Resource this is deemed sufficient for facies definition and gold content due to the historical mining associated with this reef.

It can be noted from Table 12 that two cluster averages can be drawn from a single borehole, e.g. JEZ2 C1 and JEZ2 C2. In these cases it would appear that some of the deflection drilling has intersected Basal Reef through a fault and not only are there differences in elevation but also significant differences in gold content. Where this occurs, the cluster averages are calculated as two independent values.

In estimating the average gold contents (cm.g/t) the lognormal approach as described by Rendu (1978) has been employed. In an analysis to understand if the third parameter β was required, it was found to be zero, thus only a two parameter lognormal distribution has been applied.

Due to the need to incorporate the underground sampling, the method by Rendu (1978) has been amended and the data is weighted via the inverse of the cluster variance based on the sample support, i.e. it is necessary to take cognizance of the various number of deflections per cluster. Due to the high nugget effect of the Basal Reef, the deflection cluster variance reduces as the number of deflections increases. This relationship can be noted from Figure 29.

Table 12: Borehole data employed in the Black Chert Facies estimation

BHID	No Deflections	Depth (m)	True Width (cm)	Au (g/t)	Au (cmg/t)
AL3 C1 Ave	3	1 767.60	19.93	23.62	471
AL3 C2 Ave	4	1 820.30	14.13	37.47	533
DEE1 Ave	2	1 523.20	14.55	15.12	220
HB1 C1 Ave	3	1 445.30	21.94	122.62	2 690
HB1 C2 Ave	3	1 452.63	17.80	33.86	675
J1	1	1 510.40	23.40	45.04	1 054
LW1 C1 Ave	2	1 385.15	19.30	10.65	206
LW1 C2 Ave	2	1 380.05	16.70	8.14	101
MB1 C1 Ave	5	1 421.58	34.24	12.25	419
MB1 C2 Ave	3	1 438.17	19.43	10.55	205
WE12 Ave	2	1 838.90	14.80	103.86	1 537
WR1 Ave	3	1 855.10	12.70	48.93	559
JEZ2 C1 Ave	6	1 874.63	44.75	33.85	1 515
JEZ2 C2 Ave	8	1 854.09	17.15	17.59	301
PT1 Ave	4	1 826.97	54.25	4.28	233
Underground					896

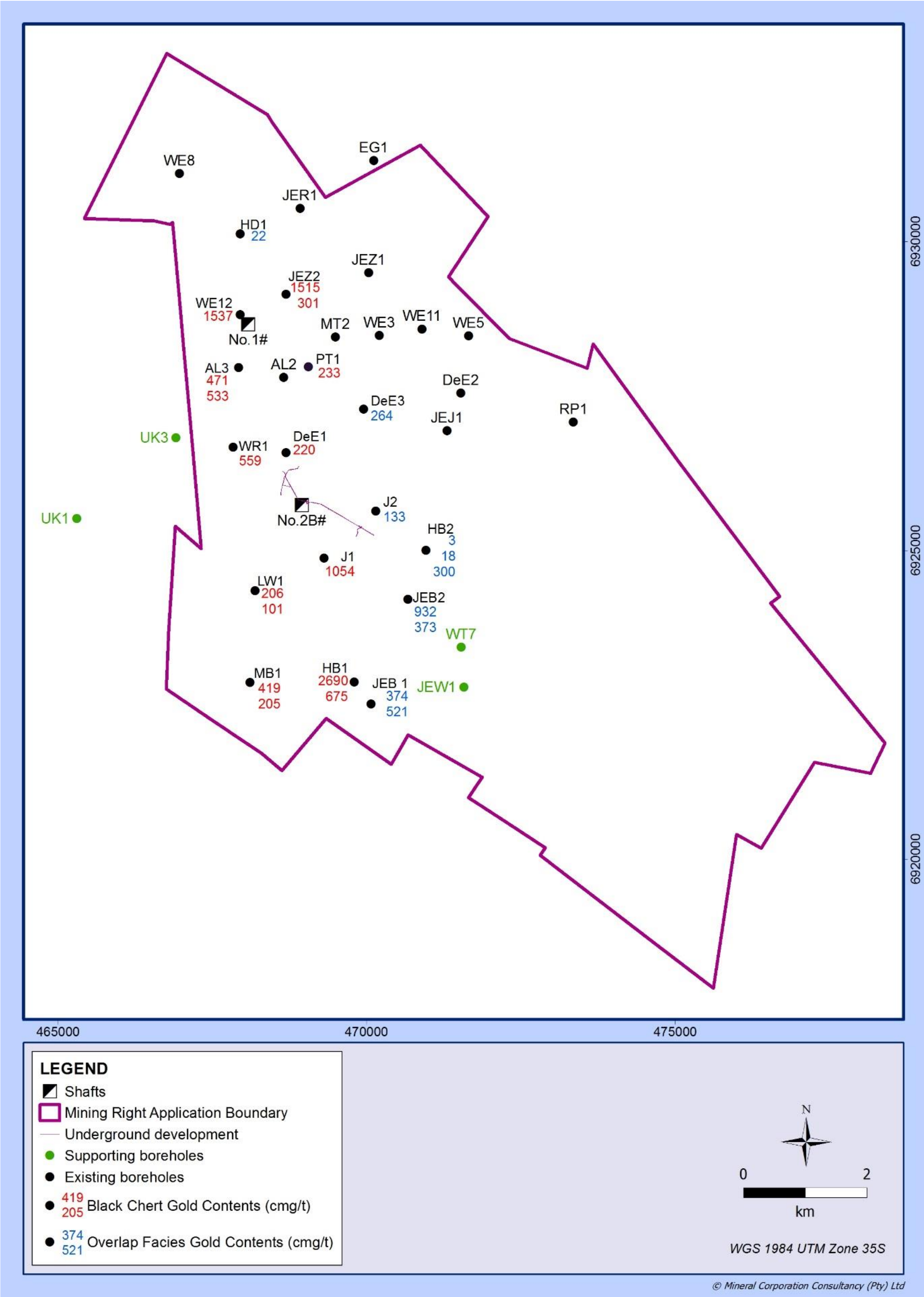

Figure 28: De-clustered gold contents per borehole intersection plan

The regression line formula in Figure 29 is employed to derive the appropriate weighting per borehole cluster and Table 13 provides the detailed data. To include the underground sampling in this methodology the underground sampling variance was estimated separately by weighting the various stretch averages by the distances they represent and employing the grouped data methodology as described by Spiegel (1972).

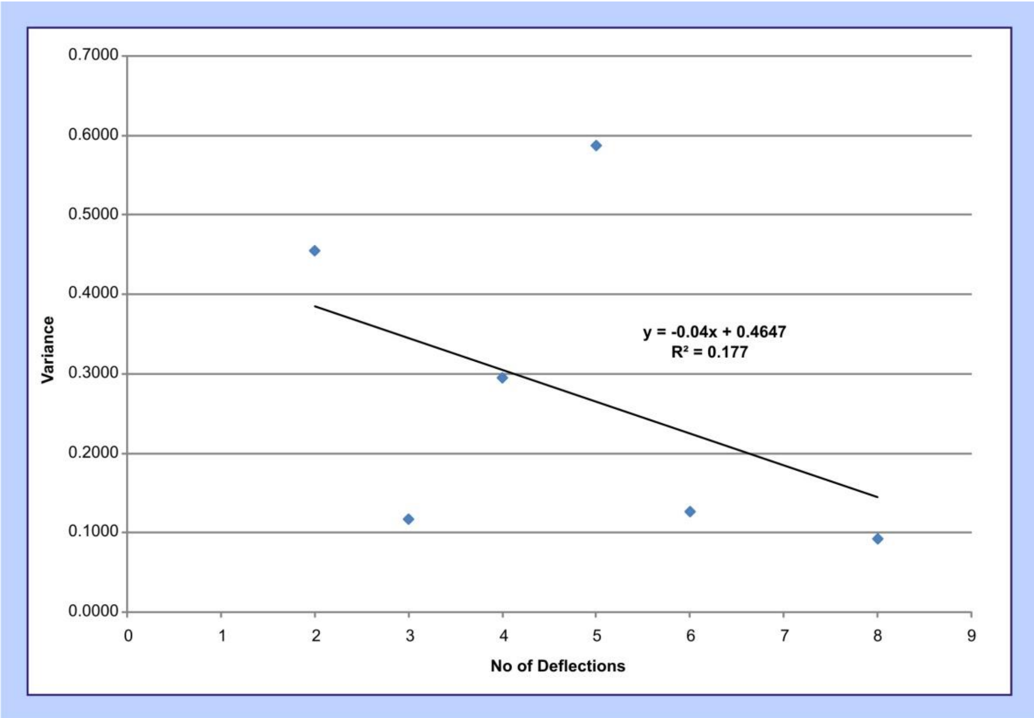

Figure 29: Relationship between number of deflections and cluster variance

Table 13: Borehole weighting scheme

BHID	No Deflections	Au (cmg/t)	Ln (cmg/t)	Cluster Variance	1/Variance	Wt Factor
AL3 C1 Ave	3	471	6.1543	0.3448	2.9005	4.72%
AL3 C2 Ave	4	529	6.2716	0.3048	3.2810	5.34%
DEE1 Ave	2	220	5.3935	0.3848	2.5990	4.23%
HB1 C1 Ave	3	2690	7.8974	0.3448	2.9005	4.72%
HB1 C2 Ave	3	603	6.4013	0.3448	2.9005	4.72%
J1	1	1054	6.9603	0.7767	1.2875	2.09%
LW1 C1 Ave	2	206	5.3255	0.3848	2.5990	4.23%
LW1 C2 Ave	2	101	4.6106	0.3848	2.5990	4.23%
MB1 C1 Ave	5	419	6.0390	0.2648	3.7764	6.14%
MB1 C2 Ave	3	205	5.3229	0.3448	2.9005	4.72%
WE12 Ave	2	1537	7.3376	0.3848	2.5990	4.23%
WR1 Ave	3	621	6.4321	0.3448	2.9005	4.72%
JEZ2 C1 Ave	6	1515	7.3231	0.2248	4.4481	7.24%
JEZ2 C2 Ave	8	302	5.7092	0.1448	6.9040	11.23%
PT1 Ave	4	232	5.4475	0.3048	3.2810	5.34%
U/G Sampling	252	896	6.7979	0.0736	13.5793	22.10%

Table 14 contains the results of the estimation process for the Black Chert Facies, an average of 742cm.g/t results.

Table 14: Gold Content Estimation Results – Black Chert Facies

Parameter	Value
Number	19.25
Sample Variance	0.6374
Geometric Mean =	542
Sichel t	1.3689
Lognormal Mean =	**742**
Upper 90% CL Factor =	1.5917
Lower 90% CL Factor =	0.7418
Upper 90% Conf Limit =	1 180
Lower 90% Conf Limit =	550
90% CL Error of Estimation =	42.49%

7.2 Overlap Facies Gold Contents

The Overlap Facies Mineral Resources have been estimated from the borehole data that lies within its boundary, contained in Table 15. The location of the boreholes can be noted from Figure 28.

Table 15: Borehole Data Employed in Overlap Facies Estimation

BHID	No Deflections	Depth	True Width (cm)	Au g/t	Au cmg/t
DEE3 Ave	2	1429.60	17.50	15.06	264
HB2 C1 Ave	3	1596.60	19.60	0.17	3
HB2 C2 Ave	3	1594.67	45.73	0.39	18
HB2 C3 Ave	2	1589.75	30.30	9.90	300
HD1	1	1826.30	17.80	1.24	22
J2 Ave	2	1501.35	20.30	6.55	133
JEB2 C1 Ave	6	1157.30	23.45	39.74	932
JEB2 C2 Ave	8	1158.36	31.66	11.79	373
JEB1 C1 Ave	5	1335.12	16.70	22.38	374
JEB1 C2 Ave	8	1331.44	31.19	16.69	521

In estimating the average gold contents (cm.g/t) the lognormal approach as described by Rendu (1978) has been employed. In an analysis to understand if the third parameter β was required, it was found to be 73cm.g/t, thus a three parameter lognormal distribution has been applied. Due to no overlap facies being exposed in underground development and the overall tenor being of lower grade, it was not deemed necessary to evaluate this ore body by the inverse weighting methodology.

Table 16 contains the results of the estimation process for the Overlap Facies where an average of 305cm.g/t results.

Table 16: Gold content estimation results – Overlap Facies

Parameter	Value
Number	10
Sample Variance	0.6949
Geometric Mean+	270
Sichel t	1.4007
Lognormal Mean	**305**
Upper 90% CL Factor	2.2285
Lower 90% CL Factor	0.6520
Upper 90% Conf Limit	679
Lower 90% Conf Limit	199
90% CL Error of Estimation	78.82%

7.3 Ore Body Widths

As referenced in Section 5.2, the ore body average widths of the combined Basal Reef and Middling Quartzite (measured from the bottom contact of the Basal Reef to the base of the Khaki Shale) have been estimated for each facies type and are presented Table 17.

Table 17: Ore body widths

Ore Body	Weighted Average True Width (cm)
Black Chert Facies	38
Overlap Facies	63

7.4 Ore Body Structure and Geological Losses

The preliminary structure block interpretation has resulted in a more accurate rendition of the position and size of Basal Reef blocks within the Black Chert and Overlap Facies areas. The areas contained within all the individual reef blocks have been aggregated to provide an estimation of the total on-reef area for the new Black Chert and Overlap Facies.

The total plan area of Black Chert Facies covered by Basal Reef resource blocks is 18 604 815m^2 or 88.754% of the total surface area of 20 964 066m^2, indicating a fault loss of approximately 11.25% using the final 3D structural interpretation (Figure 30). The total plan area of the Overlap Facies covered by Basal Reef resource blocks is *circa* 90.15% of the total surface area, indicating a fault loss of approximately 9.85% based on the final 3D structural interpretation. As noted in Section 5.1, an additional geological loss to provide for minor faulting within the structurally "coherent" blocks is required due to the apparent disparity in the dip of the ore body based on the core bedding angles and the seismically derived dips. This disparity could be explained by the ore body being affected by small strike faults with <15m throws that are not identified by the 3D seismic interpretation that downthrown blocks on the up-dip side that give the effect that the ore body has a shallower dip than it actually has. This not only has geological loss implications but also mining implications in that the ore body mining design will need to cater for an ore body dipping at between 6° to 25°.

Taung have provided a detailed structural plan of the Freddies Gold Mine (FGM) Basal Reef ore body from which a total fault and dyke loss of 27.32% has been derived. The FGM abuts the south-western limit of the Jeanette footprint and lies within the Black Chert Facies. The faults in the FGM are oriented north-south and will thus project into the Jeanette area. A large number of the smaller ones are noted to be strike faults. The argument presented towards the base of the previous paragraph is supported by this hard information.

A nominal additional geological loss of 16.07% for the Black Chert Facies and 17.47% for the Overlap Facies has been applied to the reef block areas to bring them each up to a total geological fault loss of 27.32% as derived from the FGM data.

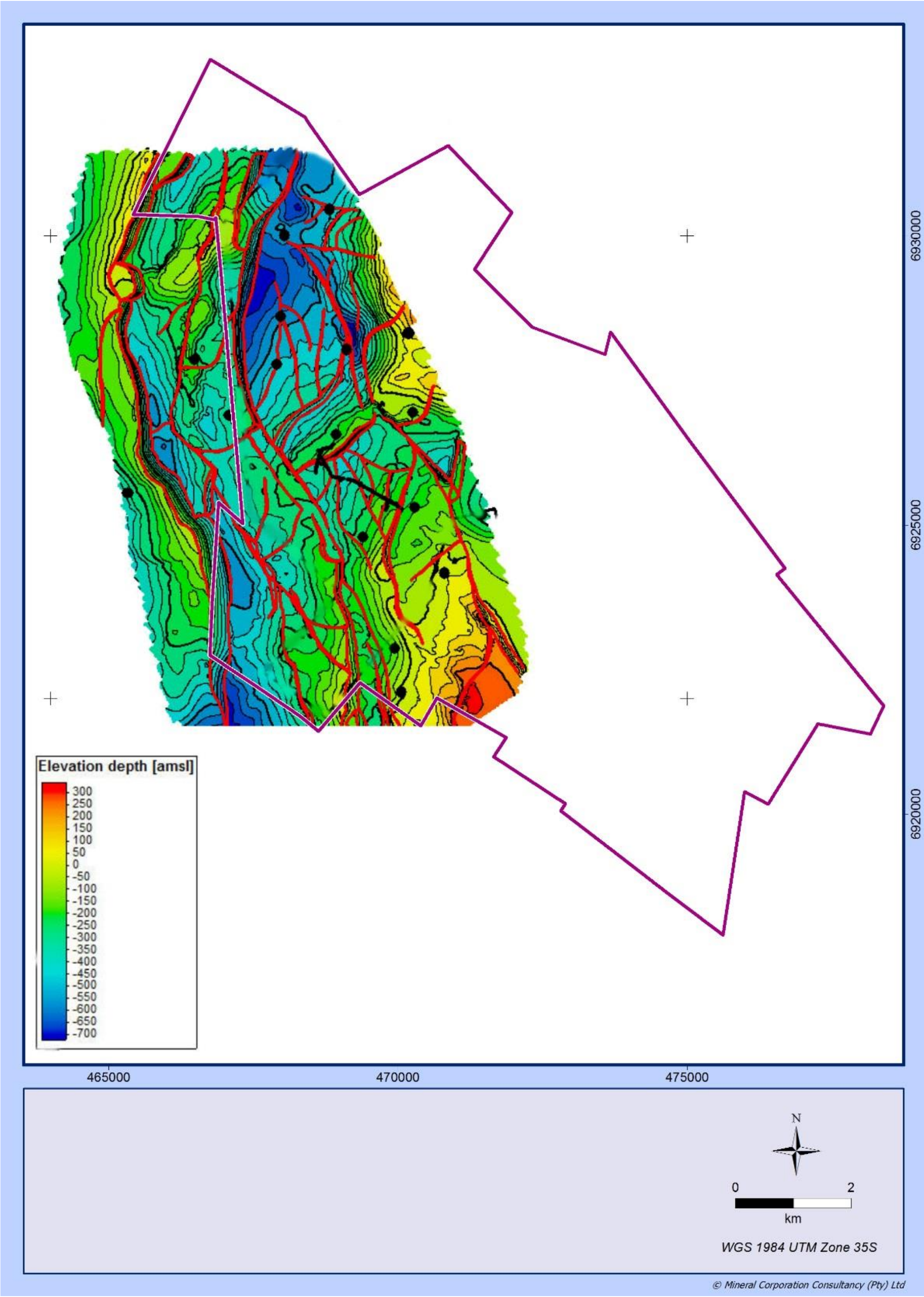

Figure 30: Final 3D seismic structural interpretation

7.5 Mineral Resource Classification

In considering an appropriate Mineral Resource classification all of the exploration data supplied by Taung and an appreciation of the regional geology has been taken into account and reflect the Competent person's views of the Project.

7.5.1 Black Chert Facies

The Mineral Resources in the Black Chert Facies of Basal Reef have been classified as Indicated based on the database of available historical information in the Jeanette Mine lease area and documented lateral continuity of the Facies throughout mines in the Welkom Goldfield. A plan depicting the location of the Project and the mined out areas on the Basal Reef is presented in Figure 31 where it can be noted that the Basal Reef has been mined continuously for approximately 30km along strike. This would support the interpretation that the assumed geological and gold grade continuity between boreholes over the Project is justified, albeit at a lower gold grade tenor than that mined towards the south.

The Mineral Corporation also notes that classification as an Indicated Resource is further determined by the density of borehole information in any given area of the Jeanette project lease, and cautions that the western extremities of both the Bandon and Leclusa R/E blocks are sufficiently distant from boreholes LW1 and MB1 (Figure 16) that they should not be considered within a range of influence that is comparable with the remainder of the Jeanette Indicated Resource area. Accordingly The Mineral Corporation has decided to maintain the western marginal areas of these two blocks in the Inferred Resources category. A map of the Jeanette project showing Mineral Resource classification is presented in Figure 32.

Taung is advised that with a successfully executed borehole exploration programme into the Bandon and Leclusa blocks, there is a likelihood that some of the Inferred Resource could be upgraded to Indicated Resource.

The global estimation error of 42.49% (Table 14) would indicate that the Project could be classified as Inferred, however, attention is draw to the comments regarding the style of mineralisation and the possibility of loss of gold associated with the bitumen mineralisation in Section 5.5. Gold losses of this nature are likely to impact the global sample variance (Note the underground sampling cluster variance (0.0736) with the borehole cluster variances (0.0915 to 0.5866)) and likely return a higher than justified global estimation error.

7.5.2 Overlap Facies

The Mineral Resources for the Overlap Facies remain classified as Inferred Resources due to the low number of clusters of borehole data (10) drilled into this facies and the high global error of estimation at the 90% confidence limits of 78.82% (Table 16).

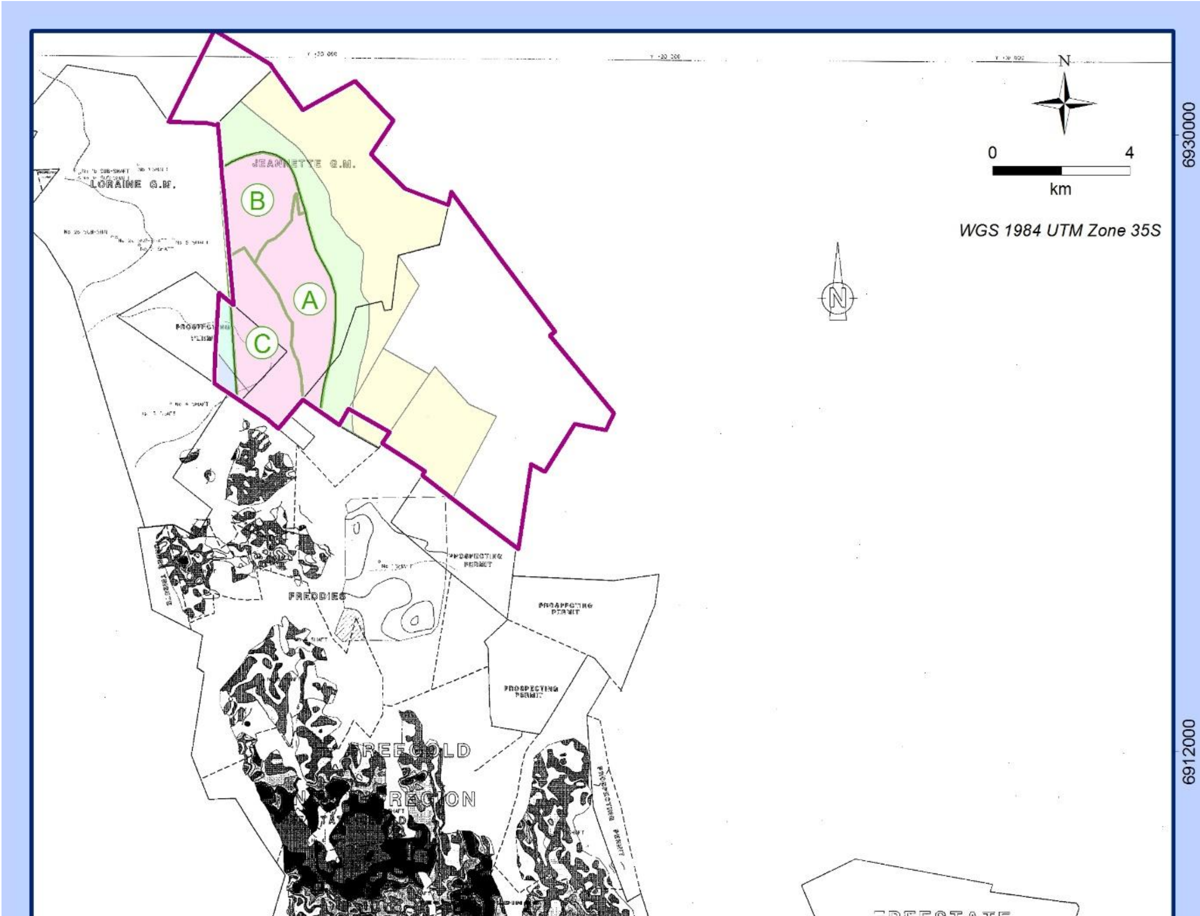

Figure 31: Location of the Project area and the mined out Basal Reef towards the south

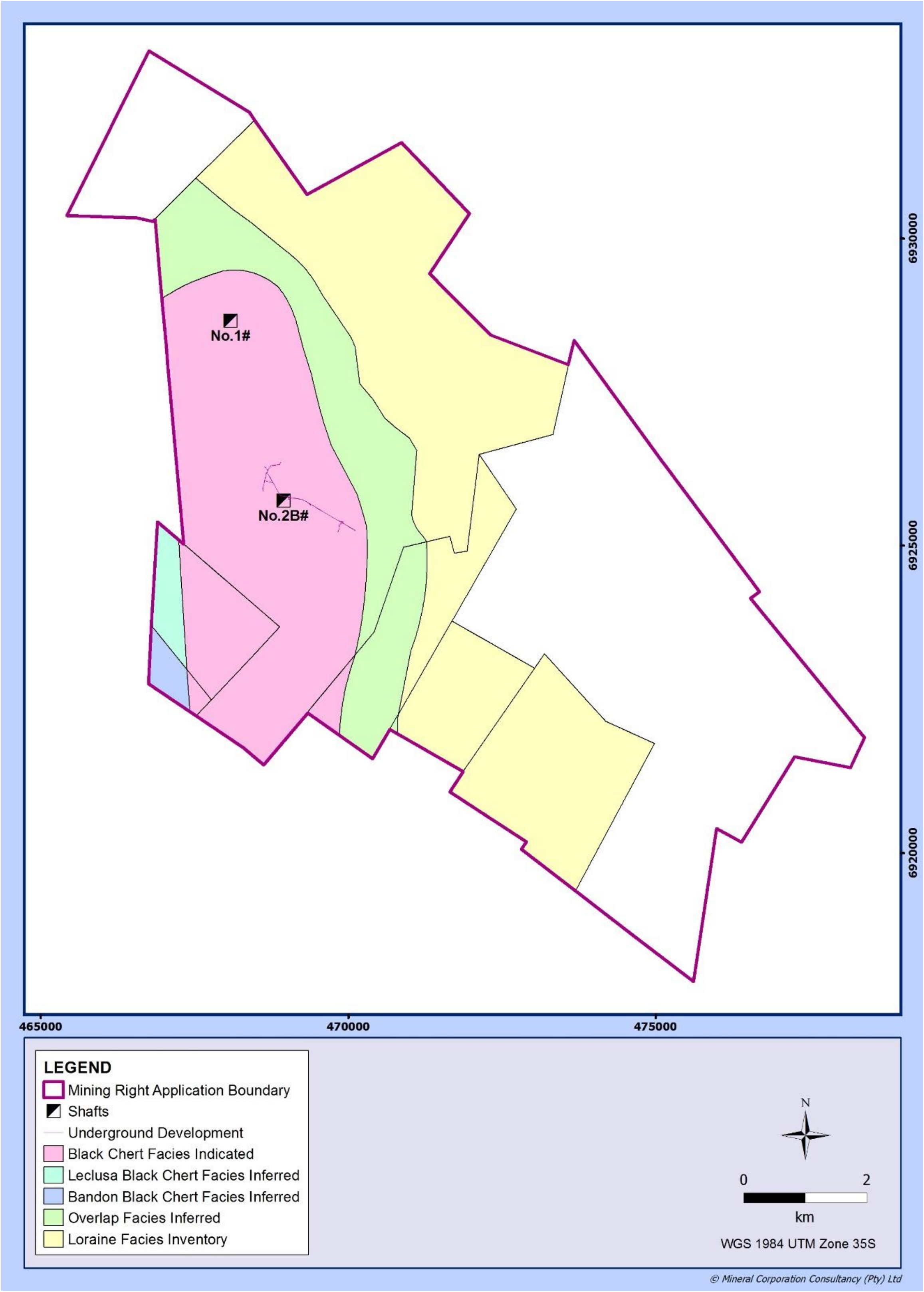

Figure 32: Basal Reef Mineral Resource classification

7.6 Black Chert Facies Mineral Resource Estimates and Grade Tonnage Relationships

Taung Gold have commissioned Minxcon to derive a conceptual mining design based on the current understanding of the Basal Reef structure informed by the historical database as well as the results of the 3D seismic survey.

For the work Minxcon are completing, an evaluation of the Basal Reef for certain structural blocks is required as opposed to applying the average gold contents of the Basal Reef ore body. This Section of the report documents the methodology applied and the findings of this study by The Mineral Corporation in generating mega-block grades and tonnages of the Black Chert Facies.

Estimating block content (cm.g/t) differentials for a virgin Witwatersrand gold project based on the widely spaced borehole data can introduce conditional bias into the block grades if no smoothing or regression effect is taken into consideration (Krige, 1986 and Krige 1987). The magnitude of such conditional bias for the Basal Reef of the Free State Goldfield can be found in the work by Minter (1982) whereby the core grades of seven boreholes intersected underground are compared with the average block gold contents of 200m X 200m blocks centred on the surface borehole location found underground.

Figure 33 presents the results of Minter's work and it can be noted that although the borehole results range in value from 500cm.g/t to 6 600cm.g/t, the block contents are restricted between contents of 700cm.g/t to 2 500cm.g/t. This clearly demonstrates that a form of regression between the Borehole data and mega-block contents estimates for the Basal Reef at Jeanette is required.

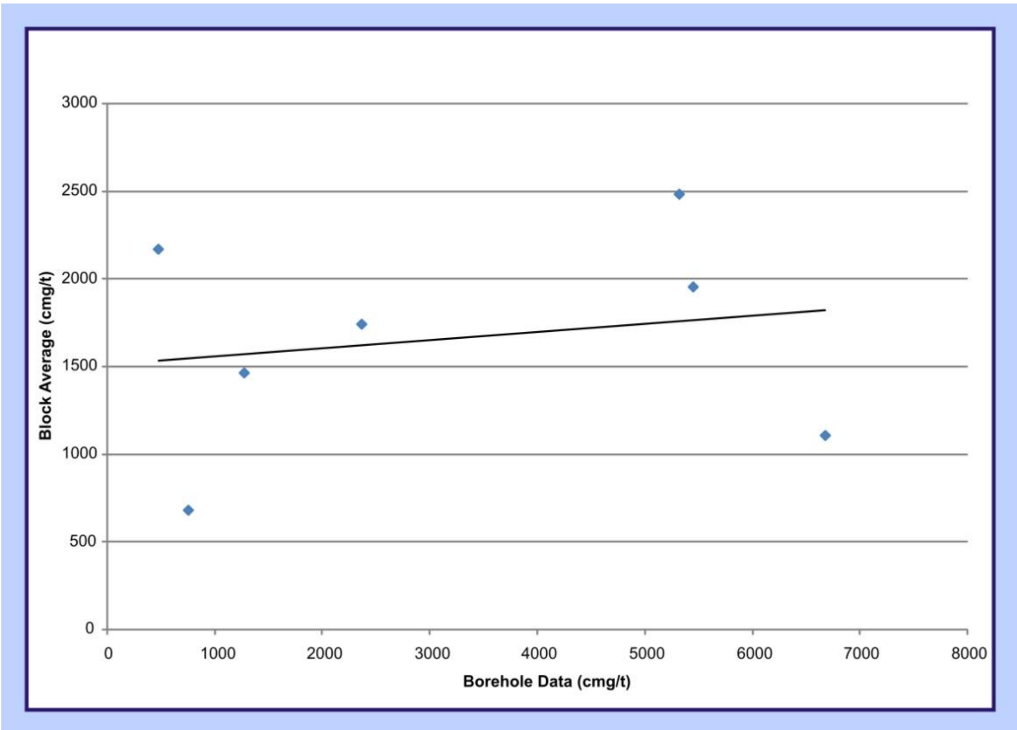

Figure 33: Regression of Borehole Data v Block Data for the Basal Reef, Free State Goldfield *(After Minter, 1982)*

A methodology employed by the author has been selected to provide mega-block gold contents based on direct experience at H. J. Joel Gold Mine in the 1990s. Due to the method of mining, trackless mechanised mining methods, employed at H. J. Joel Gold Mine, very little sampling data was available ahead of the mining faces and consequently much reliance was placed on the surface boreholes. A method termed Regional Regression by E. Magri, (pers. Comm) was established by the author and Magri that is applicable to this mega-block evaluation study. The Regional Regression formula is as follows:

$$\hat{y} = \mathrm{Exp}\left[\mathrm{Ln}\,(\bar{y} + \beta) + (1 - \Gamma^2)\frac{\sigma_b^2}{2} + \frac{(\mathrm{Ln}(\bar{x}+\beta) - \mathrm{Ln}(\bar{y}+\beta))\sqrt{\sigma_b^2\Gamma}}{\sqrt{\sigma_{error}^2 + \sigma_b^2}}\right] - \beta$$

Where			
	$\hat{y}$	=	mega-block grade
	$\bar{y}$	=	ore body average contents (cm.g/t)
	β	=	additive constant (cm.g/t)
	Γ	=	correlation coefficient of y on x $\left(\sqrt{1 - \left(\frac{\sigma_{error}^2}{\sigma_{error}^2 + \sigma_b^2}\right)}\right)$
	σ_b^2	=	variance of mega-blocks (b) in ore body
	$\bar{x}$	=	average of data in mega-block b
	σ_{error}^2	=	error variance of samples in mega-block b

In simplistic terms, the value of $\hat{y}$ is a weighted mean of the block data average and ore body average based on particular natural log variances, one being the mega-block log variance, and the other being the sample estimation log error variance of the data within the mega-block.

7.6.1 Block Variance Estimation Methodology

To ameliorate any anomalous results due to boreholes with large numbers of deflections (e.g. JEZ2 C2) it was also possible to analyse the variance of the five paired averages of the upper and lower intersections with the average cluster variance for these data

As the volume variance relationship is mathematically simple, the variance of a block of a particular size within the ore body can be estimated after deducting a suitable block error variance from the deflection and cluster data. In this instance the block error variance was taken as 10% of the calculated block variance. The generalised relationship is as follows and is depicted graphically in Figure 34:

$$\sigma^2_b + \sigma^2 b_{error} = \sigma^2_p - \sigma^2_s$$

Table 18 contains the results of the two method approach to derive an estimated volume variance graph from which applicable block variance can be estimated. It should be noted that in the case of the deflection data the sampling area is taken as $1m^2$, whereas for the paired data it is taken as $4m^2$; the natural log linear equivalents (Ln(2 x √area)) being 0.6931 and 1.3863 respectively.

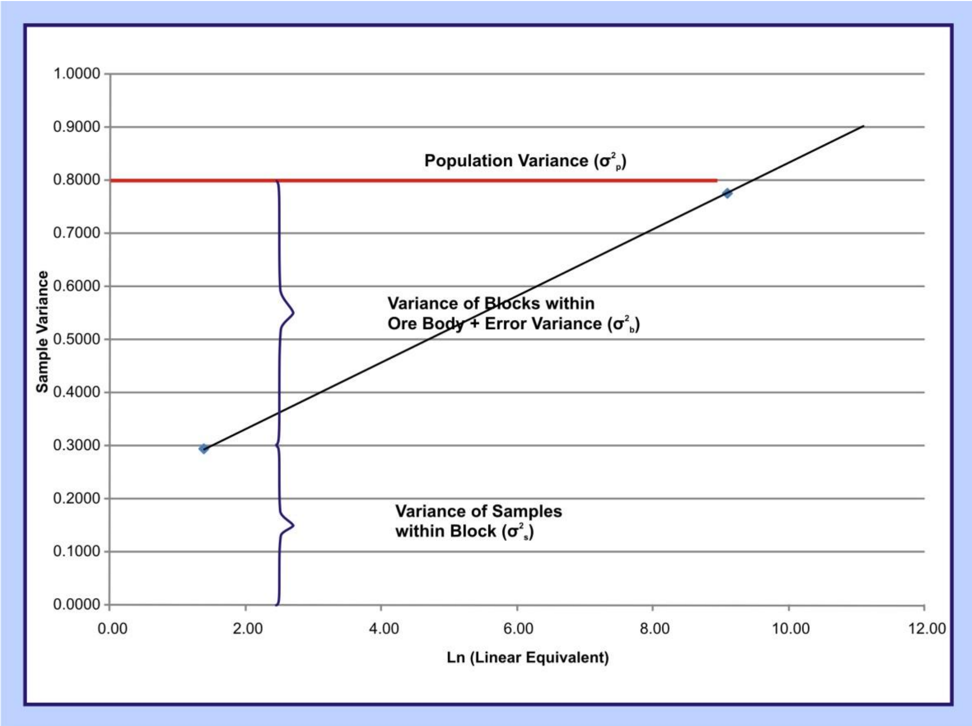

Figure 34: Volume Variance Relationship of Deflection and Population Data

Table 18: Block Variance Estimation Data – Black Chert Facies

Data	Ln Linear Equivalent	Variance
Deflection Data	0.6931	0.2391
Individual Data	9.0756	1.1091
Paired Data	1.3863	0.2940
Cluster Data	9.0756	0.7763
Variance Calculations	**Paired Data**	**Deflection Data**
Intercept	0.2070	0.1673
Slope	0.0628	0.1038
Assumed Error Variance	10.00%	10.00%

7.6.2 Data

A total of 10 boreholes yielding 15 Basal Reef cluster averages from 51 individual original and deflection intersections have been employed in this estimation as well as the underground sampling. Table 12 and Figure 16 contain the acceptable 15 Basal Reef (Black Chert Facies) intersection results and the location of the 10 borehole collars and underground sampling respectively.

7.6.3 Mega-Block Evaluation

The structure plan depicted in Figure 13 was scrutinized with the cluster average gold contents to decide how to block the Black Chert Facies out in a manner that lends itself to coherent mining areas. The resultant blocks, A, B and C depicted in Figure 35 are the resultant blocks that required gold content estimation.

Table 19 contains the borehole data employed per mega-block and it can be noted that several boreholes have been employed more than once due to their location close to two or more mega-block margins.

Table 19: Borehole Employed per Mega-Block

Block A	Block B	Block C
DEE1 Ave	AL3 C1 Ave	WR1 Ave
HB1 C1 Ave	AL3 C2 Ave	LW1 C1 Ave
HB1 C2 Ave	WE12 Ave	LW1 C2 Ave
J1	WR1 Ave	MB1 C1 Ave
WR1 Ave	JEZ2 C1 Ave	MB1 C2 Ave
PT1 Ave	JEX2 C2 Ave	
U/G Sampling	PT1 Ave	

Mega-Block variances are estimated from the volume variance relationship as depicted in Figure 34. This data was also employed to estimate the variance σ^2_b (variance of mega-blocks in the ore body) in a similar fashion. The results of this estimation are provided in Table 20.

Table 20: Mega-Block Variances

Parameter	Block A	Block B	Block C
Information Area (m^2)	6 666 823	4 689 654	7 738 226
Block Linear Equivalent	8.4595	8.3736	8.6240
Mega-block Variance	0.0394	0.0526	0.0339

The structural block areas in Table 20 are those of the ore horizon within the structural blocks taken from the seismic interpretation.

The results of completing the regional regression are contained in Table 21 where it can be noted that the mega-block gold contents are tempered towards the mean of the ore body and thus reduce the conditional bias of the mega-block data. These results are also contained in Figure 36, however, they have been adjusted by +2.91% to bring them into line with the overall ore body mean of 742cm.g/t.

Table 21: Regional Regression Estimation Results

Block No.	Data Ave (cm.g/t	Regressed Ave (cm.g/t)	Amended Regressed Ave (cm.g/t)	Regressed Upper 90% CL Limit (cm.g/t)	Regressed Lower 90% CL Limit (cm.g/t)
A	902	816	840	1 052	646
B	744	746	768	1 029	560
C	310	624	642	825	485
Averages/ Totals	**627**	**721**	**742**		

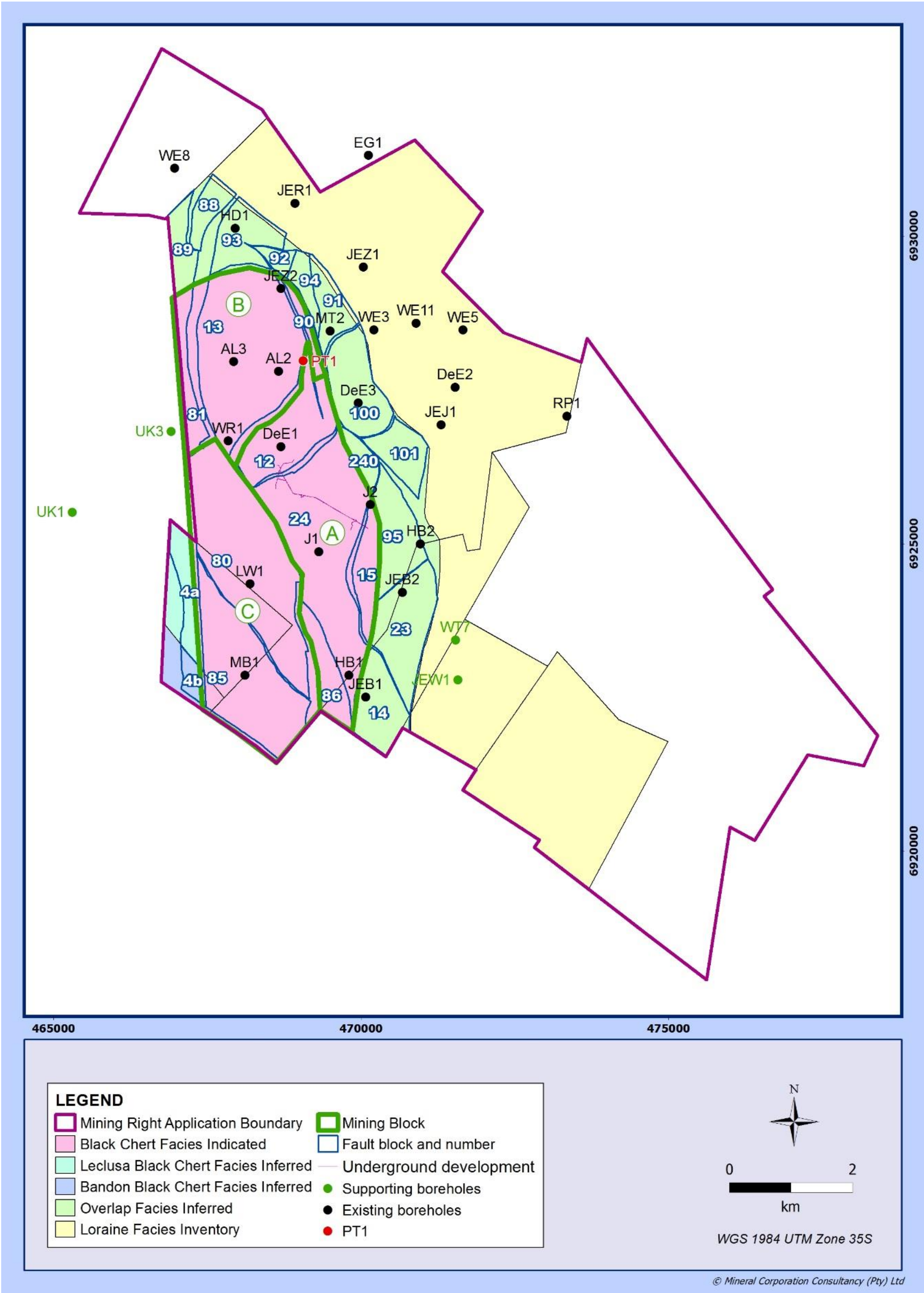

Figure 35: Jeanette Structural Plan, Borehole Locations, Facies Distribution and Mega-Block Locations

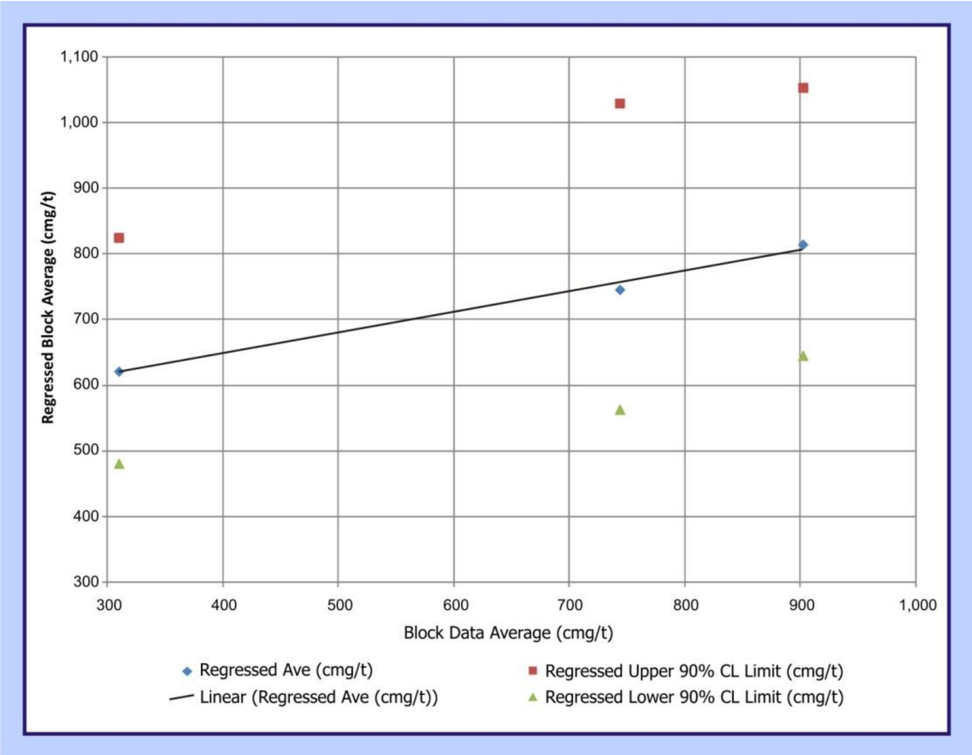

Figure 36: Block Data Average Contents v Block Regressed Contents

7.6.4 Mega-Block Mineral Resources

Taung have advised that the initial mine planning would focus on mega-blocks A and B only as depicted in Figure 35 and is referred to as the Phase 1 Area. The mine design concept is to extract only the Basal Reef and Middling Quartzite (0.3m) with minimum amounts of footwall and hangingwall (Khaki Shale) dilution as possible. Thus the evaluation is in terms of gold contents (cm.g/t) with tonnages of the "Reef" provided based on the width of the BRQM and a density of 2.75t/m^3. The density is assumed and not measured and is based on the Witwatersrand gold industry accepted density for quartz pebble conglomerates and quartzites.

Block C would be mined at a later date and is referred to as the Phase 2 Area. The Mineral Inventory (not Mineral Resources as no cut-off applied) that can be attributed to the Phase 1 and 2 Areas are contained in Table 22. The detailed workings are contained in the table Appendix 3. Also included in this inventory is the Leclusa/Bandon data (fault block 4) for completeness.

Table 22: Phase 1 and 2 and Leclusa/Bandon Areas Mineral Inventory

Mega-Block	Classification of Mineral Resources	Mineral Resource Area (Mm^2)	Reef Tonne (M)	Basal Reef Width (cm)	Au value (cm.g/t)	Au grade (g/t)	Contained Au (Moz)
Phase 1	Indicated	9.532	9.961	38	810	21.32	6.826
Phase 2	Indicated	5.632	5.885	38	642	16 90	3.198
Phase 1 & 2	**Indicated**	**15.164**	**15.846**	**38**	**748**	**19.68**	**10.025**
Leclusa/Bandon	Inferred	0.863	0.902	38	642	16.90	0.490
ALL	**ALL**	**16.027**	**16.748**	**38**	**742**	**19.53**	**10.515**

The application of the relationship defined by Krige (1981) for the mean value, cut-off grade, value above cut-off grade and percentage above cut-off grade has been employed on Mega-Block mineral inventory. The critical statistic that is required to derive the grade tonnage relationship is the block size that is going to be employed as the smallest mining unit (SMU) and the associated block variance. It should be noted that the SMU block variance within a mega-block needs to be estimated from a local population variance of the mega-block. Thus the SMU block variances per mega-block are not equal but similar.

Blocks of dimension 140 x 140m have been considered as robust enough at this phase of the project development for consideration in the mining design, albeit it is not known where the, below or above cut-off contents, blocks are located at this stage. Table 23 contains the SMU estimated block variance data.

Table 23: Mega-Block SMU Variances

Block Name	Amended Regressed Ave (cmg/t)	Mining Areas (m^2)	Mining Area Variance	SMU Variance
A	840	6 666 823	0.8702	0.3777
B	768	4 689 654	0.8556	0.3645
C	642	7 738 226	0.8764	0.3833

The data in Table 23 was processed by using Krige's (1981) relationship per mega-block to generate the total content-tonnage results as depicted in Table 24 and Figure 37. The individual mega-block content-tonne results, including Mega-Block C, are contained in Appendix 3.

Table 24: Phase 1 and 2 Gold Content - Tonnage Relationship

MPA Only		
Cut-Off (cm.g/t)	**Above Cut-Off Content (cm.g/t)**	**% Above Cut-Off Contents**
0	748	100.00%
50	748	100.00%
100	749	99.80%
150	756	98.76%
200	770	96.32%
250	793	92.44%
300	823	87.41%
350	858	81.68%
400	898	75.43%
450	941	69.16%
500	986	63.01%
550	1034	57.15%
600	1082	51.64%

The Mineral Resource statements for the Black Chert Facies are estimated at a cut-off of 341cm.g/t based on the parameters in the report by van Heerden and Odendaal (2010) that are included in Table 25.

Table 25: Gold contents cut-off parameters for the Black Chert Facies

	Minxcon 2016		Young 2013		Young Current Report		
Parameter	Quantity	Units	Quantity	Units	Quantity	Units	Source
Overall Cost							
Overall Cost	R1,708	per tonne milled	R 437.10	per ton mined	R1,708	per tonne milled	Minxcon 2016
Gold Price	$1,290	per oz	$ 1,070.00	per oz	$1,290	per oz	Minxcon 2016
ZAR/USD	R 14.00	per $	R8.00	per/$	R 14.00	per/$	Minxcon 2016
Gold Price ZAR	R 18,060	per oz	R 8,560.00	per oz	R 18,060	per oz	Calculation
Gold purity	99.50%		99.50%		99.50%		TGL
Assumed Royalty *	3.74%		2.00%		2.00%		TMC View
Price Received	R 556.13	per g	R 268.36	per g	R 566.18	per g	Calculation
Break Even Grade Sold	3.07	g/t	1.63	g/t	3.02	g/t	Calculation
Plant Recovery	97.00%		96.00%		96.00%		TMC View
Mine Call Factor	91.00%		79.90%		79.90%		TMC View
Dilution/Off Channel Factor	11.50%	Fault Cutting	N/A		N/A		
Break Even Head Grade	**3.93**	**g/t**	**2.12**	**g/t**	**3.93**	**g/t**	**Calculation**
Effective Mining Width	56	cm	140	cm	87	cm	TMC Estimation
Cut-off Contents	**220**	**cm.g/t**	**297**	**cm.g/t**	**341**	**cm.g/t**	Calculation

*** Assumed based on similar project valuations. It requires full access to the DCF model for correct understanding**

It can be noted from Table 25 that it is only the effective mining width between that drawn from the Minxcon 2016 PFS (56cm) and that estimated as per Section 5.2. (87cm for the Black Chert Facies and 101cm for the Overlap Facies) that differentiates the two cases. The 56cm mining width from the PFS is conditional on the assumed throw blasting of the Khaki Shale and extremely good underground and plant sorting. A less effective sorting of the BRQM and Khaki Shale material been applied in this cut-off gold contents.

The cut-off grade estimated by Young (2013) was based on a conventional mining method as a stoping width of 140cm and the parameters supplied by van Heerden and Odendaal (2010) as well as TGL.

The Mineral resources at the 341cm.g/t cut-off for Phases 1 and 2 as well as the Leclusa/Bandon Inferred Black Chert Facies block (Figure 32) have been estimated and are contained in Table 26. The contents-tonnage details for the Leclusa/Bandon block are contained in Appendix 4.

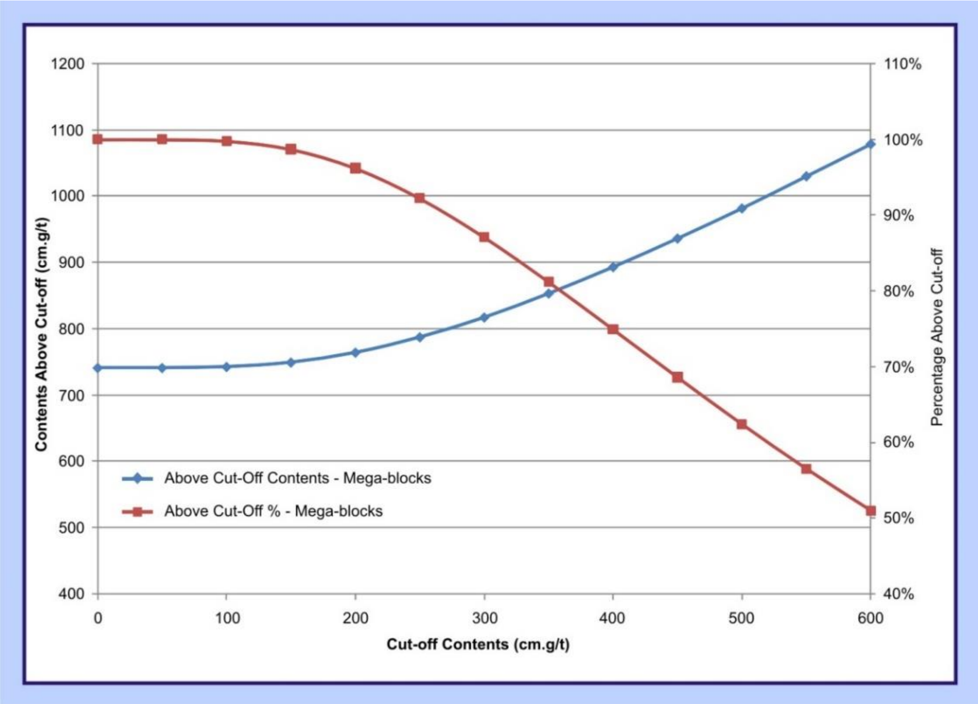

Figure 37: Contents - Tonnage Graph for Phases 1 and 2

Table 26: Phase 1 and 2 and Leclusa/Bandon Black Chert Facies Mineral Resource Estimates at 341cm.g/t Cut-off

Mega-Block	Classification of Mineral Resources	Mineral Resource Area (Mm^2)	Reef Tonne (M)	Basal Reef Width (cm)	Au Value (cm.g/t)	Au Grade (g/t)	Containe d Au Oz (M)
Phase 1	Indicated	8.253	8.624	38	896	23.58	6.538
Phase 2	Indicated	4.287	4.479	38	766	20.16	2.903
Phase 1 & 2	**Indicated**	**12.539**	**13.104**	**38**	**852**	**22.41**	**9.441**
Leclusa/Band on	Inferred	0.799	0.835	38	670	17.63	0.473
ALL	**ALL**	**13.338**	**13.939**	**38**	**841**	**22.12**	**9.914**

7.7 Overlap Facies Mineral Resource Estimates and Grade Tonnage Relationships

The Overlap Facies mineral inventory is provided in Table 27.

Table 27: Overlap Facies Mineral Inventory

Block	Classification of Mineral Resources	Mineral Resource Area (Mm^2)	Reef Tonne (M)	Basal Reef Width (cm)	Au value (cm.g/t)	Au grade (g/t)	Contained Au (Moz)
Overlap Facies	Inferred	7.309	12.663	63	305	4.84	1.971

The full workings of the overlap Facies mineral inventory estimation are provided in Appendix 4. A similar volume variance analysis of the data within the Overlap Facies was completed as described in Section 7.6.1. As no Mega-Blocks were estimated only the SMU block variance was estimated within this ore body and employed to derive the contents-tonnage relationship. The results are contained in Table 28.

Table 28: Block Variance Data - Overlap Facies

Data	Ln Linear Equivalent	Variance
Deflection Data	0.6931	0.3385
Individual Data	8.7101	0.8073
Paired Data	1.3863	0.2639
Cluster Data	8.7101	0.6949
Variance Calculations	**Paired Data**	**Deflection Data**
Intercept	0.182	0.298
Slope	0.059	0.058
Assumed Error Variance	10.00%	10.00%
SMU Block Size	140 x 140	140 x 140
Block Ln Linear Equivalent	5.635	5.635
SMU Block Variance	0.1629	0.1618
SMU Average Block Variance	**0.1624**	

The Mineral resources at the 397cm.g/t cut-off for the Overlap Facies have been estimated and are contained in Table 29. The detailed grade-tonnage relationship for the Overlap Facies is contained in Figure 38 and the Table in Appendix 5.

Table 29: Overlap Facies Mineral Resource Statement at 397cm.g/t Cut-off.

Block	Classification of Mineral Resources	Mineral Resource Area (Mm^2)	Reef Tonne (M)	Basal Reef Width (cm)	Au Value (cm.g/t)	Au Grade (g/t)	Contained Au (Moz)
Overlap Facies	Inferred	1.438	2.491	63	506	8.03	0.643

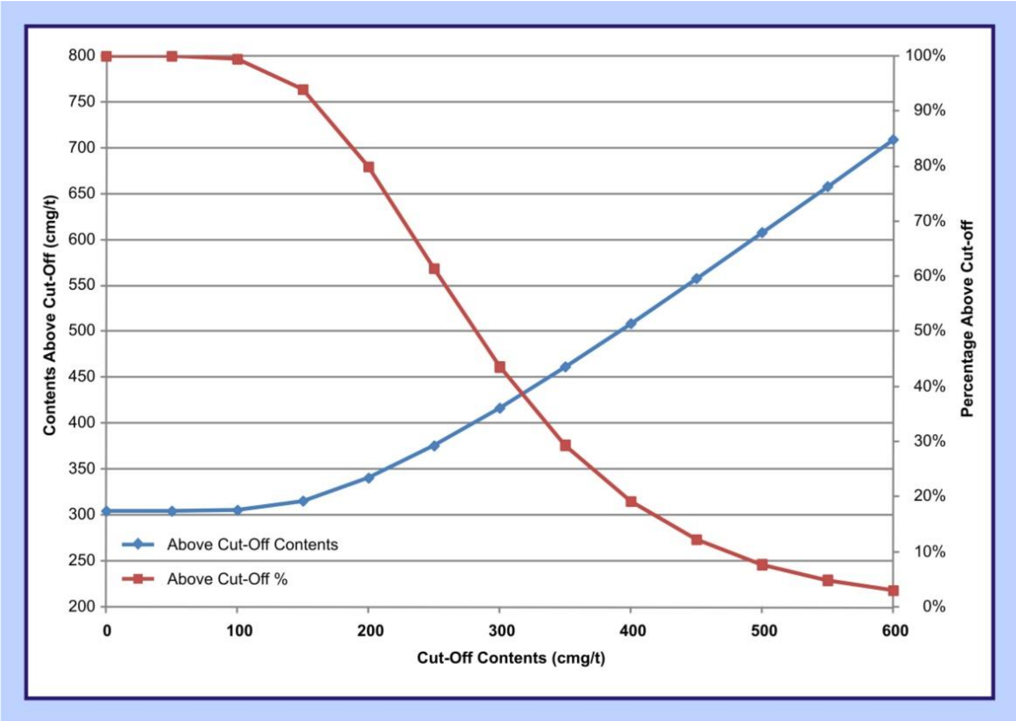

Figure 38: Contents - Tonnage Graph for the Overlap Facies Mineral Resource

7.8 Historical Mineral Resources and Reconciliation

Mineral resource estimates for the Project have been completed by AAC in 1978 and 1996. The results of these mineral resources and the Mineral Corporation estimates of 2008 (Young, 2008) to 2013 are compared to Mineral Resource estimates provided in this study and are provided in Table 30.

Table 30: Comparison of current Mineral Resource estimates with historical and the previous The Mineral Corporation estimates

Date	Cut-off Grade (cm.g/t)	Classification	Geological Losses	Tonne (M)	Gold Contents (cm.g/t)	Evaluation Width (cm)	Contained Au (Moz)	Source
1978	400	Unclassified	20.00%	31.160	610	100	6.111	AAC
1996	400	Unclassified	20.00%	58.079	730	100	13.631	AAC
2008	300	Ind + Inf	25.00%	34.562	958	100	10.645	TMC
2013 Jan	300	Ind + Inf	27.32%	16.349	740	33	11.786	TMC
2013 Oct	300	Ind + Inf	27.32%	15.142	722	31	11.341	TMC
2016	341 & 397	Ind + Inf	27.32%	16.429	800	40	10.557	TMC

The 1978 AAC estimate is for an area defined, at that time, above a 400cm.g/t contour line that virtually overlies the Phase 1 area of the current estimates. The difference in contained gold is +0.715Moz is noted with respect to the current estimates.

The 1996 AAC estimates is for the Jeanette Mine in total and at a cut-off grade of 400cm.g/t whereas the current estimate is at a cut-off grades of 341cm.g/t and 397cm.g/t. The difference in contained gold is -3.074Moz of which 60% can be attributed to the higher geological loss applied currently.

The 2008 estimate is for a lesser footprint area, prior to the 3D seismic survey, the drilling of PT1 and the revised Black Chert Facies area and an assumed block variance.

The difference between the 2013 (January) estimated gold contents of -0.229Moz with the current estimate of The Mineral Corporation is due to an error identified in one of the structural blocks in the January estimate (-0.275Moz) as well as the current higher gold contents cut-offs applied.

The difference between the 2013 (October) estimated gold contents of -0.784Moz is due to a small reduction of the Overlap Facies footprint due to movements in the mineral rights boundary in the south and the higher gold contents cut-offs applied.

8 MINERAL RESOURCE STATEMENT FOR THE BASAL REEF – JEANETTE PROJECT

The Mineral Resource Statement above the cut-off gold contents of 341cm.g/t for the Black Chert Facies and 397cm.g/t for the Overlap Facies are presented in Table 31 for both facies types and per Mineral Resource classification.

Table 31: Jeanette project Mineral Resource statement above the cut-off gold contents

	Classification of Mineral Resources	Cut-off Contents (cm.g/t)	Reef tonne (M)	Au value (cm.g/t)	Au grade (g/t)	Containe d Au (Moz)
Black Chert Facies	Indicated	341	13.104	852	22.41	9.441
	Inferred	341	0.835	670	17.63	0.473
Overlap Facies	Inferred	397	2.491	506	8.03	0.643

Errors due to rounding may be contained in the above table

9 METALLURGY

The Basal Reef, as with many other Witwatersrand reefs, will require gold capture via cyanidation, albeit a significant proportion of the gold may be recoverable via a gravity concentration circuit. The recognized dilution of the ore delivered to the processing plant by the mining of Khaki Shale is likely to require specialist clay suppressants. Further than this, it is not anticipated that any other mineralogical issues will impact materially on the identification of an efficient metallurgical flow sheet design.

10 ENVIRONMENTAL AND SURFACE OWNERSHIP

The surface rights to the Project area are held via various governmental, company or private bodies as can be noted from Figure 39. A significant surface area footprint will need to be purchased for the location of the processing plant, rock and tailings disposal, water management, engineering infrastructure and general offices. The waste rock and tailings disposal sites will have to be designed to prevent acid mine drainage.

Figure 40 is a Google satellite image of the Project and the surrounding areas that indicates the following surface infrastructure:

- A railway bisects the southwestern corner of the Project;
- A water course bisects the eastern portion of the Project;
- Several pans containing water are located on the most northern farm of the Project;
- Tailings disposal sites can be noted to the west and south of the Project; and
- A large dam is located immediately adjacent to the western margin of the Project.

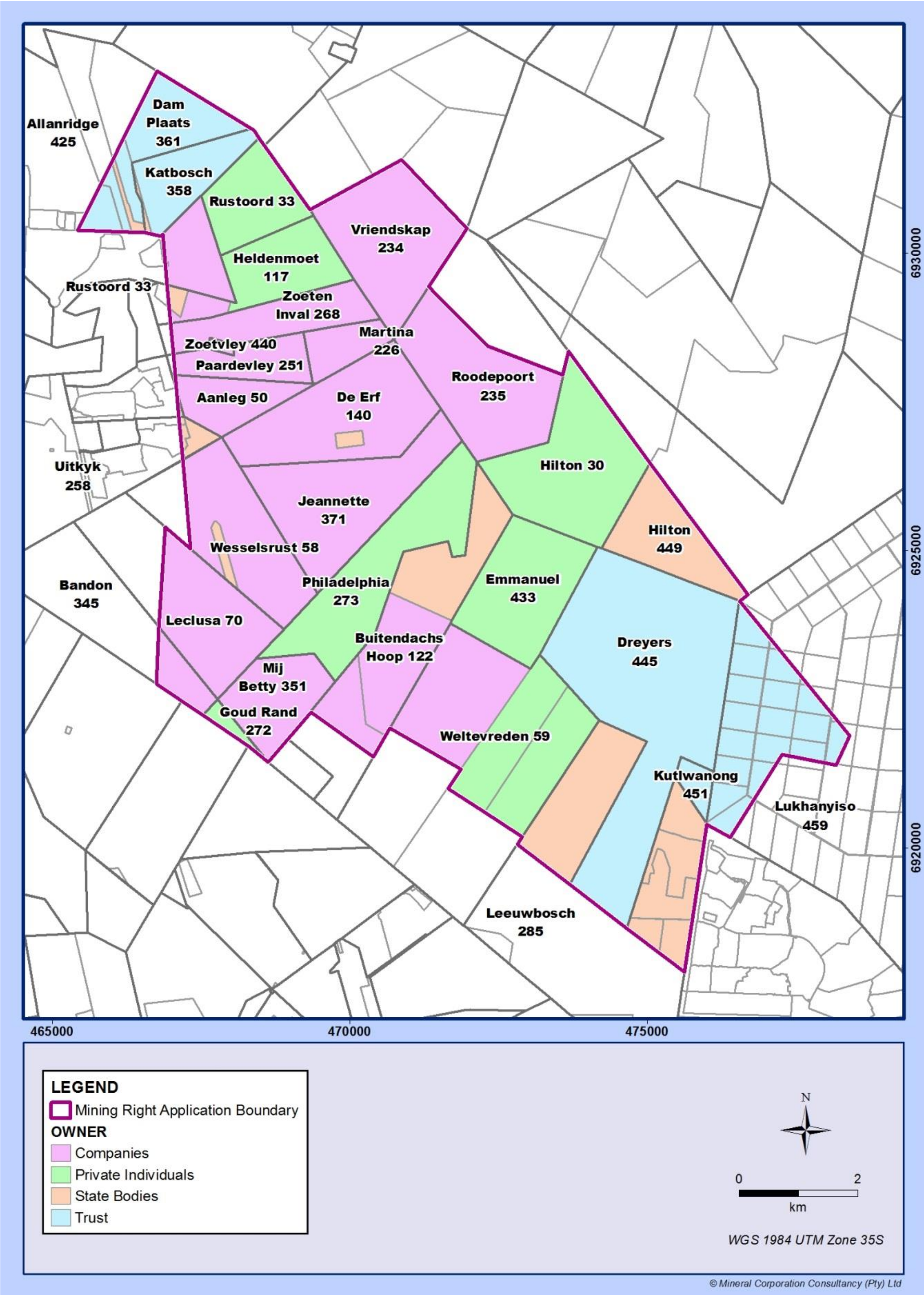

Figure 39: Surface rights ownership of the Project area

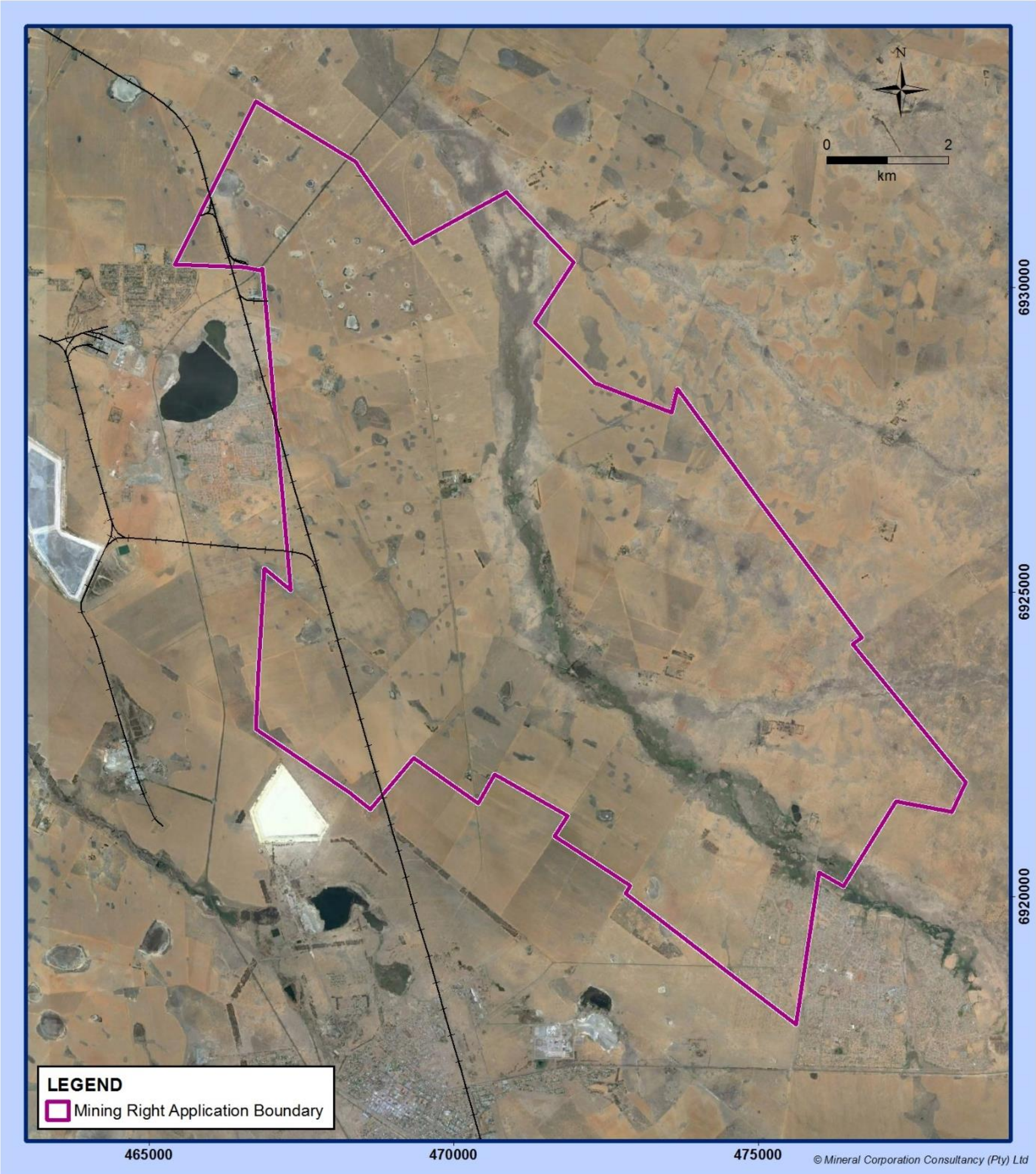

Figure 40: Google satellite image of the surface of the Project and surroundings

11 COMPETENCE AND RESPONSIBILITY

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by David Young who is a Fellow of the Australasian Institute of Mining and Metallurgy. David Young has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves.

The Mineral Resources stated in this Report are in accordance with The JORC Code (2012).

David Young
FAusIMM No 204689
Dated 29 February 2016

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Appendix 1: Checklist

SAMPLING TECHNIQUES AND DATA		
Criteria	**Explanation**	**Reference**
Sampling techniques	Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.	Sections 6.1.2 and 6.2.
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	Section 5.2
	Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.	Section 5.2
Drilling techniques	Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).	Section 5.2 It should be noted that core was not oriented as structural elements play no significant role in the mineralisation process.
Drill sample recovery	Method of recording and assessing core and chip sample recoveries and results assessed.	Section 5.2
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	Section 5.5
	Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	Section 5.2
Logging	Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.	Sections 5.5, 6.1 and 6.2
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.	Sections 6.1.1 and 6.2.2
	The total length and percentage of the relevant intersections logged.	Section 0 and Section 6.2
Sub-sampling techniques and sample preparation	If core, whether cut or sawn and whether quarter, half or all core taken.	Section 5.2
	If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.	Not Applicable
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	Half core samples of length s from 20 to 40cm would have been taken by AAC for crushing and pulverising as per normal for a fire assay analysis.
	Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	Sections 6.1.2 and 6.2.5
	Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.	Sections 6.1.6 and 6.2.5

SAMPLING TECHNIQUES AND DATA		
Criteria	**Explanation**	**Reference**
	Whether sample sizes are appropriate to the grain size of the material being sampled.	Sample sizes are provided in Table 7, column 6. This size of sample is the norm in Witwatersrand gold exploration and is appropriate. Loss of the bitumen material is more material than the sample length.
Quality of assay data and laboratory tests	The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.	Sections 6.1 and 6.2 but the laboratory employed for the AAC exploration data is not known.
	For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.	Not Applicable and these devices have not been employed.
	Nature of quality control procedures adopted (eg. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.	Sections 0, 6.1.5 and 6.2.5, but the AAC analytical quality control and assurance practises are not known.
Verification of sampling and assaying	The verification of significant intersections by either independent or alternative company personnel.	Sections 6.1 and 6.2.5
	Discuss any adjustment to assay data.	Section 7.1
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	Section 6.2.7
	The use of twinned holes.	No twinned holes were employed, only the duplicate sampling of remnant core
Location of data points	Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.	Section 0
	Specification of the grid system used.	Figure 11
	Quality and adequacy of topographic control.	Only state topographical data is available, but due to the flat lying nature of the surface and wholly deep underground nature of the mining more detailed information at this stage is not required.
Data spacing and distribution	Data spacing for reporting of Exploration Results.	Section 7.1
	Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.	Section 7.5.1
	Whether sample compositing has been applied.	Sections 7.1 and 7.2, however, deflection de-clustering has been applied.
Orientation of data in relation to geological	Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.	Section 5.3

SAMPLING TECHNIQUES AND DATA		
Criteria	**Explanation**	**Reference**
structure	If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	This is not applicable as the ore body is a metamorphosed modified paleo-placer.
Sample security	The measures taken to ensure sample security.	Sections 6.1 and 6.2.7.1. The security measures adopted by AAC in their campaigns are not known.
Audits or reviews	The results of any audits or reviews of sampling techniques and data.	Sections 6.1 and 6.2

REPORTING OF EXPLORATION RESULTS		
Criteria	**Explanation**	**Reference**
Mineral tenement and land tenure status	Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.	Section 3
	The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	Section 3
Exploration done by other parties	Acknowledgment and appraisal of exploration by other parties.	Sections 5.4, 6.1 and 6.2
Geology	Deposit type, geological setting and style of mineralisation.	Sections 2, 5.1, 5.2 and 5.4
Drill hole Information	A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: * easting and northing of the drill hole collar * elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar * dip and azimuth of the hole * down hole length and interception depth * hole length.	Section 0, Table 12 and Table 15
	If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	Not applicable as full disclosure is given.

REPORTING OF EXPLORATION RESULTS		
Criteria	**Explanation**	**Reference**
Data aggregation methods	In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.	Sections 7.6 and 7.1
	Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.	Not applicable as the ore bodies are evaluated over their channel widths that are less than sample in their entirety.
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	Not applicable as only gold is evaluated
Relationship between mineralisation widths and intercept lengths	If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.	Each intersection is corrected to produce a true width based on the core bedding angle that is measured from the core.
	If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').	All lengths of ore body width are corrected to true widths
Diagrams	Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	Figure 4, Figure 13, Figure 16, Figure 17, Figure 32, Figure 33, Figure 36
Balanced reporting	Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	All the exploration data is provided
Other substantive exploration data	Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	Khaki Shale hangingwall – Section 5.2 3D seismic survey – Section 5.1 Historic underground sampling – Section 7.1 Evaluation based on historic AAC database – Section 1
Further work	The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).	Section 5.3
	Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	Section 6.1

ESTIMATION AND REPORTING OF MINERAL RESOURCES		
Criteria	**Explanation**	**Reference**
Database integrity	Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.	Due to the small size of the database each the data for each borehole was scrutinised and a database constructed by The Mineral Corporation
	Data validation procedures used.	Section 6.1, and 6.2
Site visits	Comment on any site visits undertaken by the Competent Person and the outcome of those visits.	Section 6.1 and 6.2
	If no site visits have been undertaken indicate why this is the case.	Not applicable – various staff members of The Mineral Corporation have visited the site and scrutinised core including the Competent Person since 2008.
Geological interpretation	Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.	Section 7.5
	Nature of the data used and of any assumptions made.	Sections 3.1, 6.1 and 6.2
	The effect, if any, of alternative interpretations on Mineral Resource estimation.	A simplistic deflection and underground sampling weighting methodology and block variance estimation can lead to possible over estimation of the gold contents above the cut-off contents
	The use of geology in guiding and controlling Mineral Resource estimation.	Section 5.4 and 7.4
	The factors affecting continuity both of grade and geology.	Section 7.5
Dimensions	The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.	Table 26, Table 29 and Section 5.1
Estimation and modelling techniques	The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.	Sections 7.1 and 7.2
	The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.	Section 7.8
	The assumptions made regarding recovery of by-products.	Not applicable as only the gold content has been evaluated
	Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).	The Basal Reef pyrite – Section 5.2
	In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.	A block model was not employed therefore this is not applicable
	Any assumptions behind modelling of selective mining units.	Section 7.6.4

ESTIMATION AND REPORTING OF MINERAL RESOURCES		
Criteria	**Explanation**	**Reference**
Estimation and modelling techniques (continued)	Any assumptions about correlation between variables.	The two variables are width (cm) and gold contents (cm.g/t) and are not correlated.
	Description of how the geological interpretation was used to control the resource estimates.	Section 7
	Discussion of basis for using or not using grade cutting or capping.	Section 7.1
	The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.	Table 21 and Figure 36
Moisture	Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.	Due to the depth of the ore bodies, between 1000m and 2000m below surface, and the nature of the host rocks to the ore bodies this variable is not required to be measured.
Cut-off parameters	The basis of the adopted cut-off grade(s) or quality parameters applied.	Section 4.6.6
Mining factors or assumptions	Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.	Section 5.3 and 7.6.1
Metallurgical factors or assumptions	The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.	Section 9
Environmental factors or assumptions	Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.	Section 10
Bulk density	Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.	This variable is not applicable as the ore body is compact below surface and contains no water.
	The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.	Not applicable to the style of ore body
	Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.	Not applicable due to the style of ore body
Classification	The basis for the classification of the Mineral Resources into varying confidence categories.	Section 7.5

ESTIMATION AND REPORTING OF MINERAL RESOURCES		
Criteria	**Explanation**	**Reference**
	Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).	Section 7.5
	Whether the result appropriately reflects the Competent Person's view of the deposit.	Section 7.5
Audits or reviews.	The results of any audits or reviews of Mineral Resource estimates.	Section 7.8
Discussion of relative accuracy/ confidence	Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.	Section 7.5.1 and 7.5.2
	The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.	Section 7.5.1 and 7.5.2
	These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.	No production data exists

Appendix 2: Acceptable values for all borehole intersections used in the Mineral Resource estimates

Borehole Name	Deflection	Intersect depth	True sample width (cm)	Au (g/t)	cm.g /t	kg/t	cm.kg/t	Acc
AL3	0	1 767.9	16.4	33.56	550	1.10	18.05	complete recovery
	1	1 767.5	22.7	7.60	173	0.53	11.96	complete recovery
	2	1 767.4	20.7	33.30	689	0.56	11.50	complete recovery
	8	1 820.2	11.5	52.29	617	1.14	13.46	Y - some core loss
	9	1 820.5	16.0	41.12	658	0.61	9.82	considerable loss on contact, used
	10	1 819.6	16.9	32.13	543	0.81	13.72	Y - minor loss on contact
	11	1 820.9	12.1	26.03	315	0.33	3.96	complete recovery
DEE1	0	1 523.3	13.9	12.23	170	0.79	12.01	unknown, used
	1	1 523.1	15.2	17.76	270	-	-	unknown, used
DEE3	0	1 429.6	12.5	28.88	361	0.84	12.77	unknown, used
	1	1 429.6	22.5	7.38	166	-	-	unknown, used
EG1	0	1 585.6	12.7	8.27	105	-	-	unknown, used
	1	1 585.6	15.2	3.16	48	-	-	unknown, used
HB1	1	1 441.4	30.5	165.9	5060	-	-	Y
	2	1 441.4	29.2	18.63	544	-	-	Y
	4	1 448.2	18.2	421.59	7673	0.93	16.91	Y - slight core loss, used
	6	1 447.8	16.9	5.33	90	0.15	2.52	Y
	7	1 447.7	14.9	5.64	84	0.17	2.56	Y
	8	1 452.0	17.7	46.50	823	0.44	7.85	Y
	9	1 452.0	17.6	24.09	424	0.77	13.56	Y - slight loss, used
	13	1 453.9	18.1	30.99	561	0.55	10.01	Y
	14	1 453.6	18.7	47.65	891	0.71	13.37	Y - slight loss, used
HB2	6	1 596.7	21.4	0.19	4	0.35	7.55	Y
	7	1 596.5	18.1	0.28	5	0.40	7.27	Y
	8	1 596.6	19.3	<0.1	0	0.37	7.18	Y
	9	1 594.6	28.0	0.25	7	0.26	7.31	Y - negligible loss
	10	1 594.8	41.7	0.67	28	0.29	11.95	Y - but bottom contact faulted
	12	1 594.6	67.5	0.28	19	0.13	8.80	Y - negligible loss
	13	1 589.6	16.4	23.41	384	1.08	17.78	Y
	14	1 589.9	44.2	4.89	216	0.40	17.57	Y
HD1	0	1 826.3	17.8	1.24	22	-	-	unknown, used
J1	0	1 510.4	23.4	45.04	1054	0.39	9.13	unknown, used
J2	1	1 500.8	28.7	3.80	109	-	-	unknown, used
	0	1 501.9	11.9	13.19	157	-	-	incomplete recovery, used by AAC
JEB1	2	1 335.2	19.3	20.10	388	0.331	6.394	N chips lost, faulted and ground but used
	3	1 335.0	15.7	16.43	258	0.175	2.739	N chips lost, faulted and ground but used
	7	1 334.8	15.8	33.73	533	0.641	10.132	N chips lost, faulted and ground but used
	8	1 334.9	15.8	26.33	416	0.402	6.334	N chips lost, faulted and ground but used
	10	1 335.7	16.9	16.20	274	0.316	5.345	Y
	18	1 331.5	15.8	40.10	634	0.646	10.204	N qtz veins, carbon and chips lost but used
	21	1 331.5	38.4	8.60	331	0.105	4.013	N QV cutting reef and faulting but used
	23	1 331.7	45.3	3.70	168	0.116	5.275	Y
	25	1 332.2	35.7	37.30	1330	0.661	23.564	N chips lost from carbon seam but

Borehole Name	Deflection	Intersect depth	True sample width (cm)	Au (g/t)	cm.g /t	kg/t	cm.kg/t	Acc
								used
	26	1 331.6	41.4	14.50	602	0.126	5.219	N carbon ground but used
	27	1 331.2	15.8	34.80	550	0.264	4.176	N chips lost, jointed and faulted but used
	28	1 331.0	15.7	17.96	282	0.406	6.37	N chips lost from carbon seam but used
	30	1 330.8	41.4	6.50	270	0.173	7.179	N chips lost from carbon seam but used
JEB2	0	1 157.3	32.8	32.65	1071	1.416	46.438	N chips lost on base but used
	1	1 156.7	15.5	122.00	1894	-	-	Y
	2	1 157.5	31.3	8.50	266	-	-	Y
	4	1 157.6	14.6	15.80	230	-	-	Y
	7	1 156.9	14.8	46.90	693	-	-	Y
	8	1 157.8	31.7	45.40	1439			N core loss on contact but used
	11	1 158.7	33.3	4.75	158	-	-	Y
	12	1 158.0	32.7	3.50	114	-	-	Y
	13	1 158.5	32.0	4.90	157	-	-	Y
	14	1 158.4	31.5	1.60	50	-	-	Y
	15	1 158.3	32.5	6.05	197	-	-	Y
	17	1 158.7	30.3	16.30	494	-	-	N carbon lost but used
	18	1158.1	31.1	0.75	23	-	-	Y
	19	1158.2	29.9	60.00	1797	-	-	Y
JER1	0	1786.5	68.9	12.22	842	0.744	51.235	N - carbon lost but cut>average, used
	3	1786.6	79.2	5.74	455	0.518	41.035	y - carbon lost
	6	1786.5	69.5	6.12	425	0.313	21.788	y - carbon lost
	7	1786.4	61.8	9.47	585	0.528	32.621	N - carbon lost but cut>average, used
	8	1786.4	73.5	3.52	259	0.283	20.774	y
	9	1786.5	69.3	15.28	1059	0.742	51.427	y
	23	1786.9	32.5	9.39	305	0.774	25.160	y - carbon lost
	25	1787.2	54.1	0.96	52	0.168	9.089	y - carbon lost
	26	1787.2	84.1	3.57	300	0.217	18.276	y - carbon lost
	28	1787.3	69.2	0.65	45	0.074	5.119	y
JEZ2	1	1874.7	42.4	40.33	1709	-	-	N but used
	2	1874.7	50.7	55.80	2831	2.25	113.90	Y
	3	1874.6	43.3	29.70	1287	1.79	77.60	Y
	4	1874.6	41.5	28.60	1187	1.61	66.70	Y
	5	1874.7	52.2	18.90	989	1.64	85.70	Y
	7	1874.5	38.3	28.40	1086	1.65	63.10	Y
	10	1854.3	15.8	10.20	162	0.01	0.20	Y
	11	1854.0	15.9	18.20	289	-	-	N ground but used
	12	1854.2	15.8	16.30	257	-	-	N chips lost but used
	13	1854.0	15.8	28.00	441	-	-	N chips lost but used
	14	1854.1	14.8	24.30	359	-	-	N chips lost but used
	15	1854.0	21.8	17.80	388	-	-	N reef sheared but used
	16	1854.1	19.7	14.70	290	-	-	N but used
	17	1854.0	17.6	12.80	225	1.46	25.70	Y
LW1	4	1384.7	20.7	16.38	339	0.58	11.91	Y - used but core loss, int > average
	8	1385.6	17.9	4.02	72	0.15	2.60	Y
	6	1380.0	16.9	10.18	172	0.32	5.45	Y - used but considerable core loss, int>average
	7	1380.1	16.0	1.81	29	0.08	1.35	Y - some core loss, used
MB1	0	1421.3	20.5	23.95	491	0.42	8.52	Y - slight loss
	1	1421.5	56.3	7.02	395	0.13	7.35	Y - contact faulted
	2	1422.4	16.9	36.8	622	0.31	5.26	Y - slight loss
	4	1421.7	17.9	4.25	76	0.03	0.50	Y

Borehole Name	Deflection	Intersect depth	True sample width (cm)	Au (g/t)	cm.g /t	kg/t	cm.kg/t	Acc
	5	1421.0	59.6	8.61	513	0.31	18.34	Y
	9	1438.6	21.7	8.62	187	0.31	6.80	Y
	10	1438.5	17.8	12.02	214	0.44	7.89	Y
	11	1437.4	18.8	11.38	214	0.37	6.90	Y - slight loss
WE3/MT1	1	1171.0	13.5	1.63	22	-	-	N - incomplete recovery but used by AAC
	2	1171.0	12.2	2.87	35	-	-	N - incomplete recovery but used by AAC
WE11	0	1039.2	12.7	15.43	196	-	-	N - incomplete recovery but used by AAC
	1	1039.3	15.2	27.5	418	-	-	N - incomplete recovery but used by AAC
	2							
WE12	0	1839.1	14.8	47.37	701	-	-	Y - unknown recovery but used by AAC
	1	1838.7	14.8	160.34	2373	-	-	Y - unknown recovery but used by AAC
WR1	6	1856.3	12.1	45.30	548	2.52	30.43	Y
	7	1854.6	14.7	50.80	747	1.71	25.17	Y but reef duplicated - not used
	8	1854.4	11.3	50.40	570	1.44	16.33	Y
PT1	0	1826.41	52.2	6.34	330	-	-	Y
	2	1826.89	53.6	1.27	68	-	-	Y
	3	1826.58	50.3	2.63	132	-	-	Y
	7	1828.00	61.1	6.54	400	-	-	Y

Appendix 3: Basal Reef block tonnage estimates – Black Chert Facies

Mining block name	Fault block name	TMC Area on plan (m^2)	Structural dip (°)	Area on reef (m^2)	Basal + Middling thickness (m)	Reef volume (m^3)	Additional geological loss (%)	Net volume after additional geological loss	Density (t/m^3)	Reef tonne	Au value (cm.g/t)	Au grade (g/t)	Contained Au (kg)	Contained Au (oz)
A	12	1 481 803	23	1 609 772	0.38	611 713	16.07%	513 434	2.75	1 411 944	840	22.09	31 196	1 022 968
A	15	640 413	4	641 977	0.38	243 951	16.7%	204 757	2.75	563 083	840	22.09	12 441	399 983
A	24	3 704 332	9	3 750 507	0.38	1 425 193	16.07%	1 196 218	2.75	3 289 600	840	22.09	72 681	2 336 751
A	86	664 567	0	664 567	0.38	252 535	16.07%	211 963	2.75	582 897	840	22.09	12 879	414 058
A Totals	**ALL**	**6 491 115**	**11**	**6 666 823**	**0.38**	**2 533 393**	**16.07%**	**2 126 372**	**2.75**	**5 847 524**	**840**	**22.09**	**128 196**	**4 153 761**
B	13	3 774 137	10	3 832 359	0.38	1 456 296	16.07%	1 222 325	2.75	3 361 393	768	20.21	67 932	2 184 052
B	81	517 262	13	530 868	0.38	201 730	16.07%	169 320	2.75	465 629	768	20.21	9 410	302 540
B	90	285 499	29	326 426	0.38	124 042	16.07%	104 113	2.75	286 311	768	20.21	5 786	186 030
B Totals	**ALL**	**4 576 898**	**12**	**4 689 654**	**0.38**	**1 782 068**	**16.07%**	**1 495 757**	**2.75**	**4 113 333**	**768**	**20.21**	**83 128**	**2 672 623**
C	80	3 823 606	7	3 852 321	0.38	1 463 882	16.07%	1 228 691	2.75	3 378 901	642	16.90	57 111	1 836 170
C	85	2 747 054	16	2 857 759	0.38	1 085 948	16.07%	911 478	2.75	2 506 563	642	16.09	42 367	1 362 122
C Totals	**ALL**	**6 570 660**	**11**	**6 710 079**	**0.38**	**2 549 830**	**16.07%**	**2 140 169**	**2.75**	**5 885 465**	**642**	**16.90**	**99 478**	**3 198 292**
Inferred	4	966 142	20	1 028 147	0.38	390 696	16.07%	327 926	2.75	901 796	642	16.90	15 242	490 056
A + B	**ALL**	**11 068 013**	**11**	**11 356 477**	**0.38**	**4 315 461**	**16.07%**	**3 622 130**	**2.75**	**9 960 857**	**810**	**21.32**	**212 324**	**6 826 383**

Appendix 4: Basal Reef block tonnage estimates – Overlap Facies

Fault block name	TMC Area on plan (m^2)	Structural dip (°)	Area on reef m^2	Basal + Middling thickness (m)	Reef volume (m^3)	Additional geological loss (%)	Net volume after additional geological loss (m^3)	Density (t/m^3)	Reef tonne	Au value (cm.g/t)	Au grade (g/t)	Contained Au (kg)	Contained Au (oz)
14	1 001 944	15	1 037 289	0.63	653 492	17.47%	593 321	2.75	1 483 134	305	4.84	7.180	230 850
23	1 444 434	10	1 466 717	0.63	924 032	17.47%	762 596	2.75	2 097 138	305	4.84	10 153	326 420
88	402 822	21	431 481	0.63	271 833	17.47%	224 341	2.75	616 939	305	4.84	2 987	96 027
89	478 930	21	513 003	0.63	323 192	17.47%	266 728	2.75	733 502	305	4.84	3 551	114 170
91	572 110	0	572 110	0.63	360 429	17.47%	297 459	2.75	818 013	305	4.84	3.960	127 324
92	173 318	18	182 237	0.63	114 810	17.47%	94 751	2.75	260 566	305	4.84	1 261	40 557
93	850 850	12	869 858	0.63	548 011	17.47%	452 269	2.75	1 243 739	305	4.84	6 021	193 589
94	303 446	30	350 389	0.63	220 745	17.47%	182 179	2.75	500 993	305	4.84	2 425	77 980
95	1 041 630	6	1 047 368	0.63	659 842	17.47%	544 562	2.75	1 497 545	305	4.84	7 250	233 094
100	1 218 593	29	1 393 283	0.63	877 768	17.47%	724 415	2.75	1 992 141	305	4.84	9 644	310 078
101	667 217	13	684 768	0.63	431 404	17.47%	356 034	2.75	979 093	305	4.84	4 740	152 396
240	306 619	5	307 790	0.63	193 908	17.47%	160 031	2.75	440 084	305	4.84	2 131	68 499
ALL	**8 461 913**	**17**	**8 856 293**	**0.63**	**5 579 465**	**17.47%**	**4 604 686**	**2.75**	**12 662 887**	**305**	**4.84**	**61 304**	**1 970 984**

Appendix 5: Content – Tonnage Relationships

Block A	840	0.3777
Cut-Off (cm.g/t)	**Pay Grade (cm.g/t)**	**% Pay**
0	840	100.00%
50	840	100.00%
100	841	99.92%
150	845	99.36%
200	855	97.84%
250	873	95.15%
300	897	91.38%
341	922	87.63%
350	928	86.74%
400	963	81.53%
450	1002	76.00%
500	1044	70.38%
550	1089	64.83%
600	1135	59.46%

Block B	768	0.3645
Cut-Off (cm.g/t)	**Pay Grade (cm.g/t)**	**% Pay**
0	768	100.00%
50	768	100.00%
100	769	99.89%
150	773	99.17%
200	785	97.26%
250	805	93.98%
300	831	89.47%
341	858	85.08%
350	864	84.07%
400	901	78.13%
450	942	71.97%
500	985	65.83%
550	1031	59.89%
600	1078	54.25%

Block C	642	0.3833
Cut-Off (cm.g/t)	**Pay Grade (cm.g/t)**	**% Pay**
0	642	100.00%
50	642	99.99%
100	644	99.63%
150	653	97.89%
200	672	94.16%
250	700	88.68%
300	734	82.02%
341	766	76.11%
350	774	74.79%
400	817	67.47%
450	863	60.39%
500	911	53.73%
550	961	47.60%
600	1012	42.05%

Overlap Facies	305	0.1624
Cut-Off (cm.g/t)	**Above Cut-Off Contents**	**Above Cut-Off %**
0	305	100.00%
50	305	100.00%
100	306	99.46%
150	316	93.96%
200	341	79.99%
250	376	61.42%
300	417	43.62%
350	462	29.40%
397	506	19.67%
400	509	19.16%
450	558	12.23%
500	608	7.71%
550	658	4.84%
600	709	3.03%

Leclusa/Bandon	642	0.1484
Cut-Off (g/t)	**Above Cut-Off Contents - Ore Body**	**Above Cut-Off % - Ore Body**
0	642	100.00%
50	642	100.00%
100	642	100.00%
150	642	99.98%
200	643	99.76%
250	647	98.78%
300	657	96.23%
341	670	92.59%
350	674	91.60%
400	697	84.92%
450	726	76.66%
500	760	67.55%
550	798	58.25%
600	838	49.31%