NI43-101 Resource Estimation

of

The Sawayaerdun Gold Deposit

For

GobiMin Inc. & Xinjiang Tongyuan Minerals Ltd

Job No.	2020_G	Mining One Pty Ltd
Doc No.	4208v1.doc	Level 9, 50 Market Street
Date:	7 January 2016	Melbourne VIC 3000
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Certified System Quality ISO 9001 SAI GLOBAL

NI43-101 CERTIFICATE – DATE AND SIGNATURE

Mr Bin Guo

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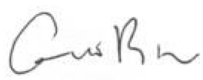
I, Bin Guo, am working as a Geologist with Mining One Pty Ltd of Level 9, 50 Market St Melbourne, Victoria, Australia. This certificate applies to the Mineral Resource Technical Report on the Sawayaerdun Gold Project, Xinjiang, China prepared for GobiMin Inc. dated 16th April 2015 (Updated 7th January 2016), do hereby certify that:

1. I am a registered member of the Australian Institute of Geoscientists (AIG)
2. I am a graduate of Changchun College of Geology and hold a B App Sc in Geology, which was awarded in 1992.
3. I have had over 15 years' experience within the mining and exploration industry both in relation to technical roles and the corporate assessment and financing side of the industry. My experience covers exposure to numerous gold projects and gained an understanding of drilling, sampling, geological interpretation and resource modelling aspects. My experience enables me to sign off to the NI43-101 and JORC 2012 guidelines for most gold and base metal projects.
4. I am a Qualified Person for the purposes of the National Instrument 43-101 of the Canadian Securities Administrators (NI43-101).
5. I am responsible for the preparation and supervision and final editing of all sections of the technical report.
6. I have no prior involvement in the property that is the subject of this report. I completed a site visit to the project between the 12th October 2014 and the 14th October 2014 and visited the assay laboratory in Shanshan on the 15th October 2014.
7. To the best of my knowledge, information and belief, the Technical Report contains all scientific and technical information that is required to be disclosed to make the Technical Report not misleading. I am not aware of any material fact or material change with respect to the subject matter of the Technical Report that is not reflected in the Technical Report, the omission to disclose which makes the Technical Report misleading.
8. I am independent of GobiMin Inc. in accordance with the application of Section 1.4 of the NI43-101 guidelines.
9. I have read the NI43-101 guidelines and Form 43-101F1 and the Technical Report has been prepared in compliance with that instrument and form.
10. I consent to the public filing of the Technical Report with any stock exchange or any other regulatory authority and any publication by them for regulatory purposes, including electronic publication in the public company files on their website and accessible by the public, of the Technical Report. I have read the document and confirm that it fairly and accurately represents the information in the Technical Report.

Dated at Beijing this 16th of April 2015 (Updated 7th January 2016)



"Bin Guo" (QP)

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Mining One Pty Ltd (Mining One) were requested by GobiMin Inc. (GobiMin) to complete a NI43-101 compliant resource estimation for the Sawayaerdun Gold deposit located in the Xinjiang Uygur Autonomous Region of the People's Republic of China.

The source drilling, sampling and QAQC data was supplied by GobiMin whereby a 3D interpretation of the mineralised domain was constructed by Mining One using sectional interpretation strings to build the domain wireframe. The 2014 resources have been estimated using results from 313 surface diamond drill holes for a total of 97,204 m plus adits and trenches. The resource 2014 infill drilling results have further increased the confidence and understanding of the mineralization particularly within the measured and indicated areas of the resource and thus provide more reliable data for the mining plan.

An ordinary kriged estimate was run to estimate gold grades into the block model. The resources have been reported above a 1 g/t Au cut-off into inferred, indicated and measured categories. Inverse distance estimates were also run during the validation process.

Results of the estimation are shown in the table below, blocks were constrained by removing all blocks <1 g/t Au, and all non-classified blocks in respect to resource category. The grade tonnage curve for Au g/t is also shown below.

SAWAYAERDUN RESOURCES (>1.0 g/t Au) as at 18/03/2015					
Domain	Resource Class	Mt	Au (g/t)	Au Metal (t)	Au K Oz
Zone IV Main	*Measured*	*12.94*	*1.93*	*24.98*	*803*
	Indicated	*13.89*	*1.66*	*23.06*	*742*
	Measured + Indicated	***26.84***	***1.79***	*48.05*	***1,545***
	Inferred	*49.71*	*1.39*	*69.10*	*2,222*
Zone I Main	*Measured*	-	-	-	-
	Indicated	-	-	-	-
	Measured + Indicated	-	-	-	-
	Inferred	*9.67*	*1.3*	*12.57*	*404*
Total	*Measured*	*12.94*	*1.93*	*24.98*	*803*
	Indicated	*13.89*	*1.66*	*23.06*	*742*
	Measured + Indicated	***26.84***	***1.79***	***48.05***	***1,545***
	Inferred	*59.38*	*1.38*	*81.67*	*2,626*

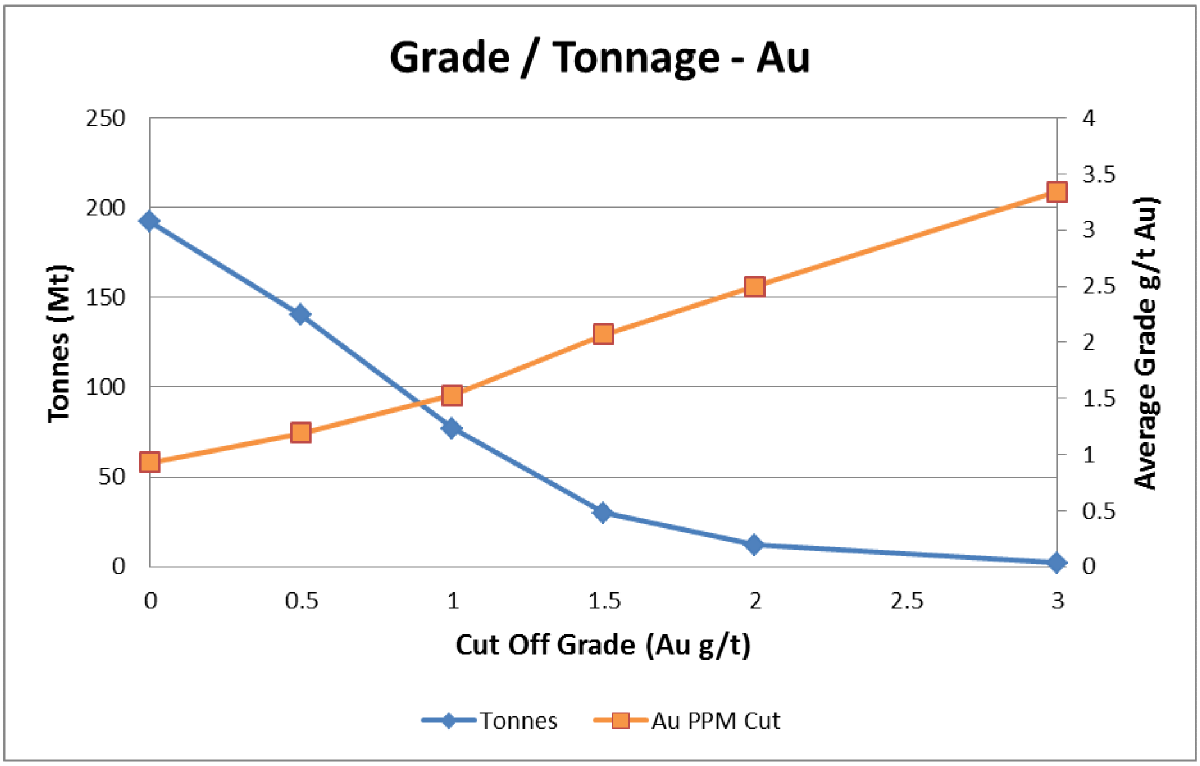
Notes:

1. Resource estimate updated according to the NI430-101 guidelines and prepared by Qualified Person as defined in the NI43-101, Mr Bin Guo in April 2015.

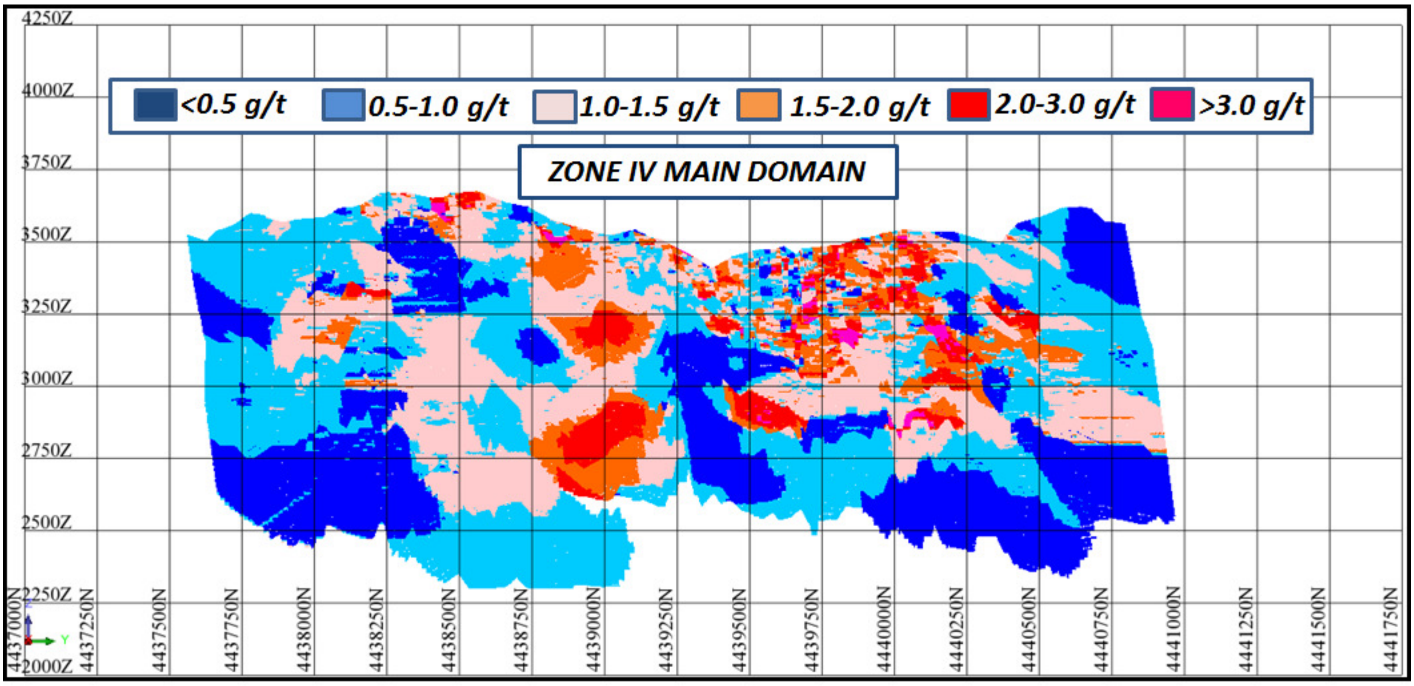
2. CIM defintions were followed for Mineral Resources

3. Mineral Resources are estimated at a cut-off grade of 1.0 g/t Au using the cut gold composite values.

4. Figures reported are rounded which may result in small tabulation variances. Weighted averages are used to report average gold grades.



Sawayaerdun Gold Project Resources – Au (ppm) Grade Tonnage Curve



Sawayaerdun Project Zone IV – Resources (All Blocks)

1 INTRODUCTION

1.1 Background

GobiMin Inc. (Gobmin) engaged Mining One Pty Ltd (Mining One) to complete an NI43-101 compliant resource estimate covering the Sawayaerdun Gold Deposit located in the Xinjiang Uygur Autonomous Region in the far west of the People's Republic of China. Work completed that forms the basis of the estimate is in line with the requirements of the National Instrument 43-101 (NI43-101) Standards of Disclosure for Mineral Projects. The report compiled by Mining One purpose is to enable filing with the Electronic Document Analysis and Retrieval ("SEDAR") operated by the Canadian Securities Administration.

Diamond drilling and trenching has been completed over multiple campaigns since the early 1990's within the Sawayaerdun deposit area. Gold mineralisation has been the target of all exploration programs and is the focus of the resource estimation work completed to date. Underground exploration adits and drives have been developed within the deposit area to gain a better understanding of the deposit and provide drilling positions however no mining activities have been completed as at the date of this report.

1.2 Source Information

Documents used to inform sections of the technical content of this report were as follows:

- "2014 NI43-101 Resource Report, ADV-HK-03752 GobiMin_ Sawayaerdun_ Gold_ Project_ Technical_ Report_ Final", April 2014, Runge Pincock Minarco
- "Independent Technical Report and Mineral Resource Estimate for the Sawayaerdun Gold Project, Xinjiang Uygur Autonomous Region, People's Republic of China" , NI43-101 Report, May 2013, Roscoe Postle and Associates Incorporated (RPA)
- "2012 Annual Geological Exploration Report of Sawayaerdun Gold Project, Wuqia County Xinjiang (Chinese Version)" January 2013, No.2 Brigade of the Xinjiang Bureau of Geology and Mineral Exploration and Development.

1.3 Limitations

This report was based on a combination of historical reports, technical data provided to Mining One by GobiMin and the findings of a site visit completed by Bin Guo (CP Geo) on 13 Oct, 2014. The client has not informed Mining One of any material change to the operations since the date of the site inspection.

The report has not considered any legal, financial or commercial matters relating to the corporate entity that may impact on the ownership or operation of the project except those that have a direct impact such as operational aspects relating to the ongoing exploration activities.

1.4 Mining Factors

Mining One cannot make predictions on future mining conditions, technical staff competency, market conditions or changes in government legislation that may impact on the economical assessment of the project. No detailed mining studies have been completed for the project however it is likely that a combination of open pit and underground mining methods could be used.

1.5 Capability and Independence

Mining One provides consultancy services to the mining and exploration industry worldwide. Resource and reserve estimation, due diligence reviews, exploration and development strategies and technical support form the basis of the services that are provided.

Mining One has acted as an independent entity in relation to compilation of this report, the conclusions and recommendations contained within this report are therefore those of the Mining One technical team and its advisors. Preliminary drafts of the report were sent to representatives of GobiMin only to confirm the accuracy of technical material presented and provide confirmation on the assumptions used.

Mining One has been paid professional fees based on a fixed fee sum to complete the updated resource estimate and NI43-101 report. None of Mining One's technical staff or directors who have contributed to the report has any interest or entitlement, direct or indirect in;

- The company or the client, securities of the company or the client or companies associated with the company or the client; or
- The outcome of the proposed resource release.

2 RELIANCE ON OTHER EXPERTS

2.1 Overview

Mining One have utilized information supplied by the No.2 Brigade of the Xinjiang Bureau of Geology and Mineral Exploration and Development and information contained within historical NI43-101 Resource Estimates compiled by Roscoe Postle & Associates and Runge Pincock Minarco. The mapping, drilling and sampling data was verified by Mining One via confirmation of activities and location of drillholes during the site visit completed by Bin Guo, the results of the QAQC programs in relation to the assay datasets and the verification of the overall geological interpretation of the deposit through both visual inspection of the diamond core, surface inspections and underground exposures of the mineralization.

Given the previous work completed to enable reporting of NI43-101 compliant resources in 2013 and 2014, sections 3, 4, 5 and 6 are based primarily on the information contained within these reports.

3 PROPERTY LOCATION AND DESCRIPTION

3.1 Summary

The Sawayaerdun Gold Project is classified as an advanced exploration project. The deposit consists of a series of repeating gold bearing veins developed within regional shear structures. The deposit has been subject to multiple phases of exploration including surface mapping, diamond drilling, trenching and underground development via adits, cross cuts and strike drives.

3.2 Deposit Location

The Sawayaerdun Gold Project is located in Wuqia County, Xinjiang Uygur Autonomous Region, People's Republic of China. The project is centered on the following coordinates:

- Latitude – 40° 03' 30" to 40° 06' 45" East;
- Longitude – 74° 15' 45" to 74° 19' 45" North

The closet regional city is Kashgar that lies approximately 200km to the southeast of the project area.

Figure 3-1: Sawayaerdun Gold Project Location Map (Source: RPM 2014 Report)

3.3 Project Ownership

GobiMin has provided details to Mining One relating to the exploration and mining license tenure covering the project area. This information has not been independently verified from a legal perspective by Mining One.

The deposit is located within a mining license that is surrounded by an exploration license. The licenses are held by Xinjiang Tongyuan Minerals Ltd which is 70% owned indirectly by GobiMin. The mining license is valid until 25th February 2018 and the exploration license is valid until 2nd February 2018.

Table 3-1: Sawayaerdun Mining License Details

SAWAYAERDUN MINING LICENSE	
Aspect	Details
Name of Certificate	*Mining License*
Certificate Number	*C6500002009124120053762*
Owner	*Xinjiang Tongyuan Minerals Ltd*
Area	*1.7094 Km^2*
Grant Date	*25th January 2010*
Expiry Date	*25th February 2018*

Table 3-2: Sawayaerdun Exploration License Details

SAWAYAERDUN EXPLORATION LICENSE	
Aspect	Details
Name of Certificate	*Exploration License*
Certificate Number	*T65120081002017623*
Owner	*Xinjiang Tongyuan Minerals ltd*
Area	*20.27 Km^2*
Grant Date	*2nd February 2015*
Expiry Date	*2nd February 2018*

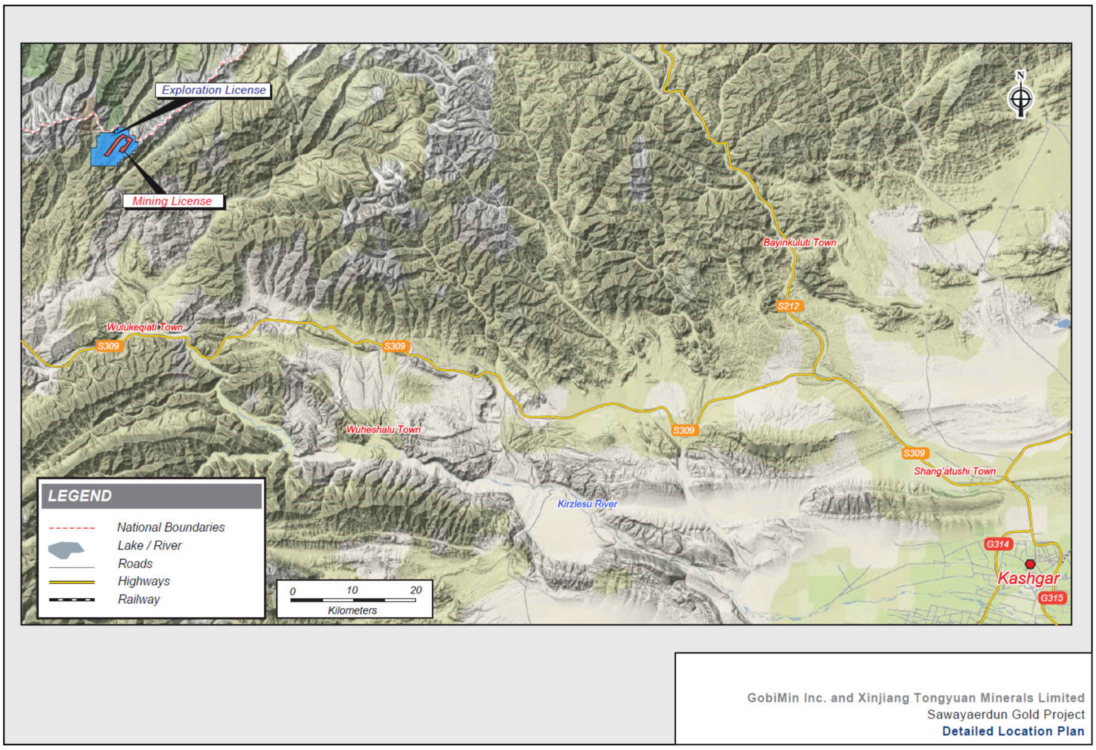


Figure 3-2: Sawayaerdun Gold Detailed Location Map (Source: RPM 2014 Report)

Figure 3-3: Sawayaerdun Site Access Road

4 ACCESSIBILITY, CLIMATE & INFRASTRUCTURE

4.1 Project Access

The project is accessible via road from the regional centre of Kashgar, roads to the site are a combination of the sealed for the majority of the distance and then unsealed for the last 40km kilometers. The project is located in the Tian Shan Mountains with the actual deposit located at between 3,400m and 3,900m above sea level.

4.2 Geography and Climate

The project is located in the southern area of the Tian Shan Mountains, elevations range between approximately 3,000m and 4,400m in the project area. The site area consists of a combination of steep mountains and deep valleys.

4.2.1 Hydrological Conditions

The Sawayaerdun river is the main river running in the proximity to the project area, it also represents the largest catchment area. The creek systems run from north to south in the region with the majority of the catchment ending up in the Kezilesu river. Water is sourced from rain, snowmelt and natural springs with the majority of rainfall occurring between September and October.

4.2.2 Local Climatic Conditions

Climatic conditions within the project area consist of long winters and short summers. The annual average temperature is 6oc with temperature ranging between -39^{o} C and +30^{o} C during the year. Snowfall during the winter can produce a snowpack up to 1m in thickness. Field activities are generally not possible during the winter months.

4.2.3 Seismicity

The project is located within an active earthquake zone. Quakes above 6 on the Richter Scale have been recorded in the project area.

4.2.4 Local Economy and Infrastructure

The project region has a population of approximately 50,000 which is made up of people's from the Kyrgyz, Uygur, Hui and Han groups. The main industry is agriculture including livestock and some limited crops such as barley.

The region contains significant mineral wealth including occurrences of gold, iron ore, base metals, coal and limestone. There are currently no active mining operations taking place at the Sawayaerdun project however there is sufficient water and mains power can be supplied to the site by extending the current 110Kv power grid from the transmission station located at the Wulukeqiati village some 38km from the site.

5 EXPLORATION HISTORY

5.1 Exploration Activities

Exploration activities have been carried out in the project area since 1952. Stream sediment sampling in the 1980's lead to the discovery of the deposit in 1985. As outlined within the 2014 RPM NI43-101 report there have been the following phases of exploration;

- Phase 1 – Pre 2000
- Phase 2 – 2000 to 2010
- Phase 3 – 2010 to 2012
- Phase 4 – Post 2012

A brief summary of works completed during each of these phases is as follows:

- Phase 1 – Regional exploration works and geochemical surveys. Eight drill holes were completed and trenching once the deposit discovery was made.
- Phase 2 – Exploration activities during this time where managed by Majestic Gold Corporation (Canada) in joint venture over the project. The No.2 Geological Brigade of Xinjiang Geological and Mineral Bureau were used to complete the field activities. The exploration work included drilling of 60 holes, surface trenching, geological mapping and geophysical surveys.
- Phase 3 – Between 2010 and 2011 a total of 68 surface holes were drilled, 31 surface trenches cut and geological mapping completed under the supervision of the No.2 Geological Brigade of Xinjiang Geological and Mineral Bureau.
- Phase 4 – 13 deeper holes were drilled to establish depth continuity of the known mineralization within the deposit area. During 2014 a further 41 diamond holes were drilled primarily into zone IV to further define the continuity of mineralization and to upgrade inferred material to indicated and measured.

5.2 Mining History

Small scale underground workings have been developed within the deposit area however these were primarily used as an exploration tool and to develop access for underground drilling positions. No large scale mining activities have taken place within the Sawayaerdun Gold Project area.

5.3 Technical Studies

Numerous studies have been completed on the project. These are listed as follows as are also outlined in the 2014 RPM NI43-101 report.

- In 1993-1996, Ore Deposit Geology Institute of Chengdu Science and Technology University completed geological site reconnaissance and research upon the mineralization belt, ranging from Mt.Tianshan, west of Kashi, east to Korla, and identified the Sawayaerdun Gold Deposit for the first time. The discovery was documented as "Xinjiang South Mt Tianshan Muruntu Type Gold Deposit Geological Mineralization conditions and Prospecting Target Area Research"
- In 1998-1999 the Geo-mechanical Research Institute of Geological Ministry directed the project "Xinjiang Wuqia County Sawayaerdun Gold Deposit Minefield Structure Research:" and pointed out that Sawayaerdun Gold Deposit is located in a ductile shear zone. The mineralization belt was developed in a weak deformation area of secondary ductile crushing.
- In 1996-1997 the Xinjiang Geological Prospecting Bureau Experimental Institute undertook research for the Sawayaerdun gold deposit mineral components and metallurgical properties and issued "Xinjiang Wuqia County Sawayaerdun Gold Ore Material Component and Processing Test Studying Report"

Figure 5-1: Sawayaerdun Site Infrastructure

6 GEOLOGICAL SETTING AND MINERALISATION

6.1 Summary

The geological setting has been described in detail within the 2013 and 2014 NI43-101 resource reports, Mining One presents here a summary of the technical details relating to the Sawyaerdun Project geology and mineralization setting.

6.2 Regional Geology

As with previous reports the regional geological description is quoted from Wardrop (2011).

"The tectonic framework of China is dominated by three global orogenic systems; the Central-Asian or Palaeo-Tethyan, the Circum-Pacific and the Tethys-Himalaya. Relevant to the Sawayaerdun property area, the Tethys-Himalaya system in south western China is the result of subduction of the pacific ocean floor beneath China, and the indentation of the Indian continent into Eurasia. Fold belts are predominately the products of subduction and accretion of orogenic complexes and were the focus of deformation in the Palaeozoic-Mesozoic cratonic collisions during final ocean closures.

The Xinjiang Uygur Autonomous Region is underlain by part of the Altaid orogenic complex, situated in the south-central part of the Eurasian Plate, immediately north of the Himalayan collision zone and the south of the Angara Craton that underlies eastern Russia. The region is comprised of several independent Precambrian continental blocks; Palaeozoic accretionary complexes and extensional basins define the sutures between these blocks. Permian extensional tectonics formed deep basins, including the Tarim, within the Altaid complex.

The Sawayaerdun deposit is located within Devonian to Carboniferous phyllites and meta-sandstones that trend NE-SW in the prospect area.

6.3 Local Geology

The summary of the local geological setting is also taken from Wardrop (2011). "The Sawayaerdun Property is located in the eastern Kokshaal region of the Tian Shan Mountains. The oldest unit exposed on the property is the Silurian –age Taertekuli Formation which is comprised of sericite phyllite, sandstone, siliceous mudstone, carbonaceous siliceous phyllite, slate and calcareous breccia. The unit is thought to be of turbiditic origin. The Taertekuli Formation is overlain by the Devonian –age Sawayaerdun Formation and is subdivided into lower and upper units, both turbiditic, and comprised of thin laminae of phyllite and siltstone. The phyllites in the upper member are calcareous.

The Lower Carboniferous Bashisuogong Formation which includes clastic units and limestone overlies the Sawayaerdun Formation.

Each of the units within the Sawayaerdun Project strike northeast and dips predominately NW parallel to the schistosity which is developed parallel to bedding. The contacts between the various units are structural"

Mineralisation is formed along discordant contacts within folded sequence where the ductile shear systems have preferentially developed. The local geological setting is shown in Figure 6-1 below.

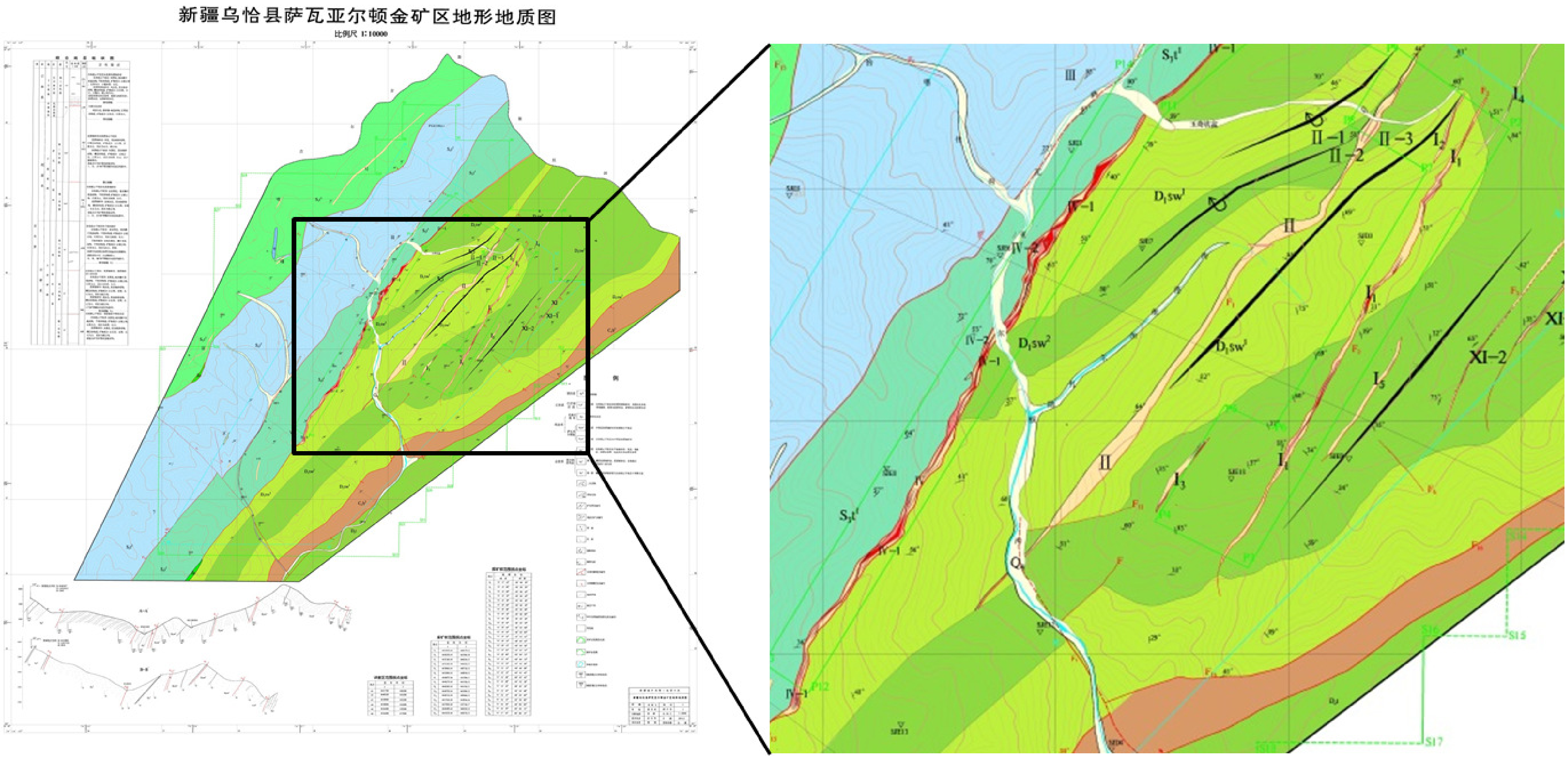


Figure 6-1: Sawayaerdun Gold Project Local Geology

6.4 Mineralization and Deposit Type

The main zones of mineralization have been defined within the project area, and are referred to as Zone I and Zone IV. There are other sub-parallel structures that have been defined however these are either less well mineralized, not as continuous and or not drilled to the same density as the two main zones.

The mineralized domains generally consists of low to medium grade gold mineralization developed within quartz filled ductile shear zones formed within the meta-sedimentary sequence. The Zone IV domain is approximately 3km long and has been defined to a depth of 700m. This is the most continuous zone so far defined within the project area. Zone I is approximately half the size of Zone IV and is typically exhibits a lower overall gold grade.

The defined mineralized domains dip at between 60° and 80° toward the northwest and therefore strike northeast. Mineralized zones can range from less than 1m to 50m in thickness.

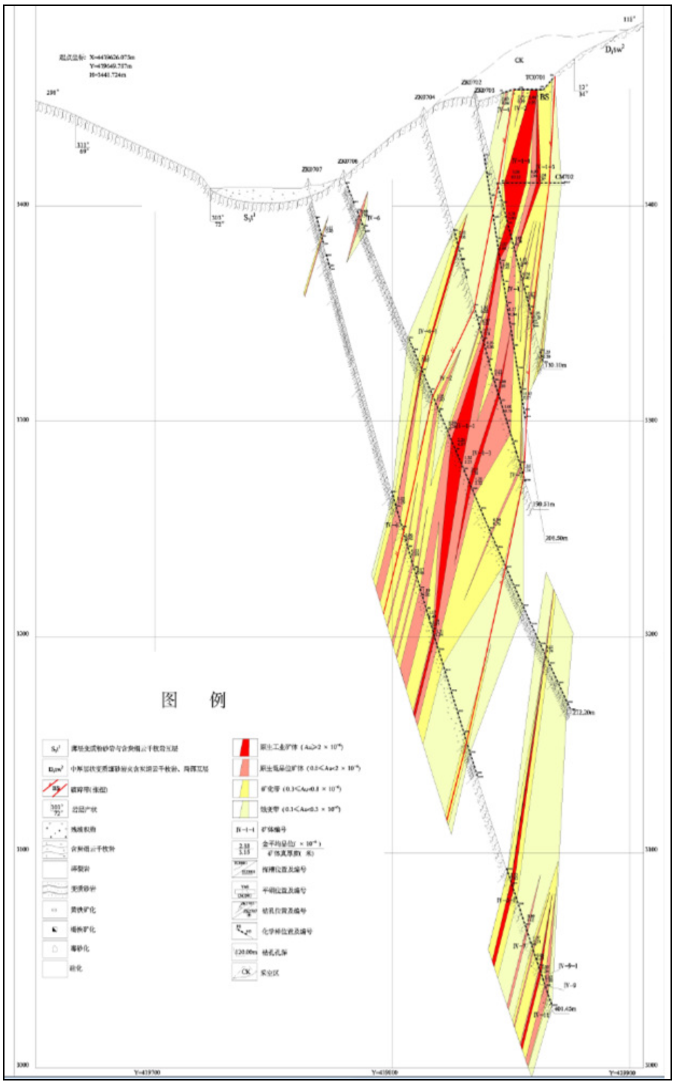


Figure 6-2: Example Cross Section (07) – Zone IV

Gold mineralization is associated with pyrite where it is contained often within the crystal lattice, free gold is also found however the association with pyrite is the most common form of gold mineralisation within the deposit. Other than pyrite alteration minerals consist of sericite and muscovite within the wall rock. Typically the mineralized zones exhibit a sandstone hanging-wall and a variable footwall that can consist of siltstones inter-bedded with sandstones and shales.

Hanging-wall splays also exist within the deposit that show limited continuity down dip but can extend up to several hundred meters along strike, these have been modelled as part of the Zone IV main domain but have been estimated separately given their different orientation and sample populations.

Given the mineralisation is hosted within carbonaceous rocks, is structurally controlled within brittle and ductile shear zones and forms lenticular zones it is most analogous to deposits as suggested by RPM 2014 Muruntau in Ubekistan and the Telfer deposit in Australia.

7 DRILLING

7.1 Drilling Data

The drill database supplied to Mining One was named “GobiMin.mdb” and contained a total of 313 diamond drillholes, 179 surface trench records and 28 underground channels. The history of the drilling campaigns is summarized in the 2014 NI43-101 report compiled by RPM and is as follows:

Drilling has been completed between 1996 and 2013 in four phases:

- Phase 1 consisted of 8 drill holes and was carried out between 1996 and 1998 by Xinjiang Second Brigade Geology and Mineral Bureau.
- Phase 2 consisted of 60 drill holes and was carried out between 2004 and 2007 by Xinjiang Majiasi Mining Ltd.
- Phase 3 was carried out by Gobmin and included 127 diamond drill holes between 2010 and 2011 and another 68 by Brigade No.2 in 2012.
- Phase 4 consisted of 13 holes drilled in 2013

Drilling was also completed in 2014 with a total of 41 diamond holes drilled.

A summary of the drill hole parameters are shown in Table 7-1.

Table 7-1: Historical Drilling and Trenching Parameters

Deposit	Hole Type	No. Holes	Ave Depth	Total Metres
Sawayaerdun	Surface Diamond	313	310.56m	97,204.87m
	Surface Trench	179	34.53m	6,180m
	Underground Channel	28	43.45m	1,216.67m

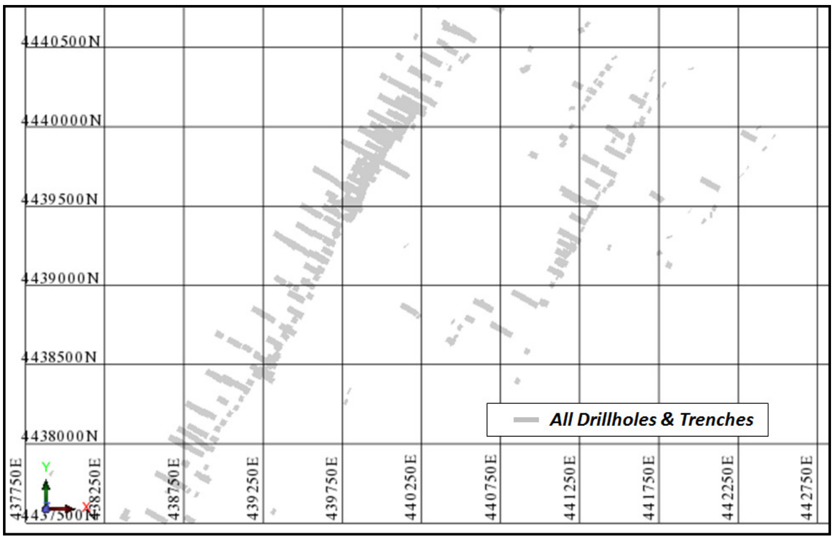


Figure 7-1: Sawayaerdun Deposit Drill Collar Plan

Figure 7-2: Sawayaerdun Deposit Core Storage

7.2 Drill Collar and Down-hole Surveys

Collars were surveyed using theodolites and down hole surveys acquired using a reflex type instrument at a 50 m interval. Down-hole readings were conducted at 50 m intervals and also taken in the hanging-wall and foot-wall contacts of the mineralised zone.

7.3 Diamond Drill Core Processing & Recovery

Diamond core was sampled at one metre intervals across the mineralized zone where possible, or at intervals according to the geological boundaries. Core recoveries measured during the logging process gave values between 70% and 100% with an average of 90% within the mineralized horizons. Core samples were taken using a diamond drill saw, with half the core sent for sample preparation and the remaining half retained for records. Only intervals of presumed mineralisation were sampled.

Primary indicators of alteration and/or mineralisation included the presence of either pyrite, arsenopyrite, stibnite, silicification, sericitisation, carbonisation and chloritisation. Sample intervals were generally one metre.

The geologist marked up the intervals to be cut during the geological logging process and then these intervals were cut to provide a half core samples. These samples were tracked by a ticket book system and then samples placed in calico bags ready for transport to the laboratory.

7.4 Diamond Drill Core Logging

All drillholes were geologically logged for oxidation, colour, lithology, alteration and mineralization characteristics. Geological and mineralization features were recorded within each hole that allowed for this data to be used during the interpretation and modelling stage of the resource estimation process.

7.5 2014 Drilling

Since the 2014 resource estimate completed by RPM a total of 41 additional diamond holes were drilled into the West IV and East I domains for a total of 7,797.94m. These holes were drilled to upgrade inferred material to indicated and to upgrade indicated to measured material within the higher grade section of the Zone IV domain, the location of these holes is shown in Figure 7-3 below.

Table 7-2: 2014 Drilling Summary

Deposit	Hole Type	No. Holes	Ave Depth	Total Metres
Sawayaerdun	Diamond	41	190.18m	7,797.94m

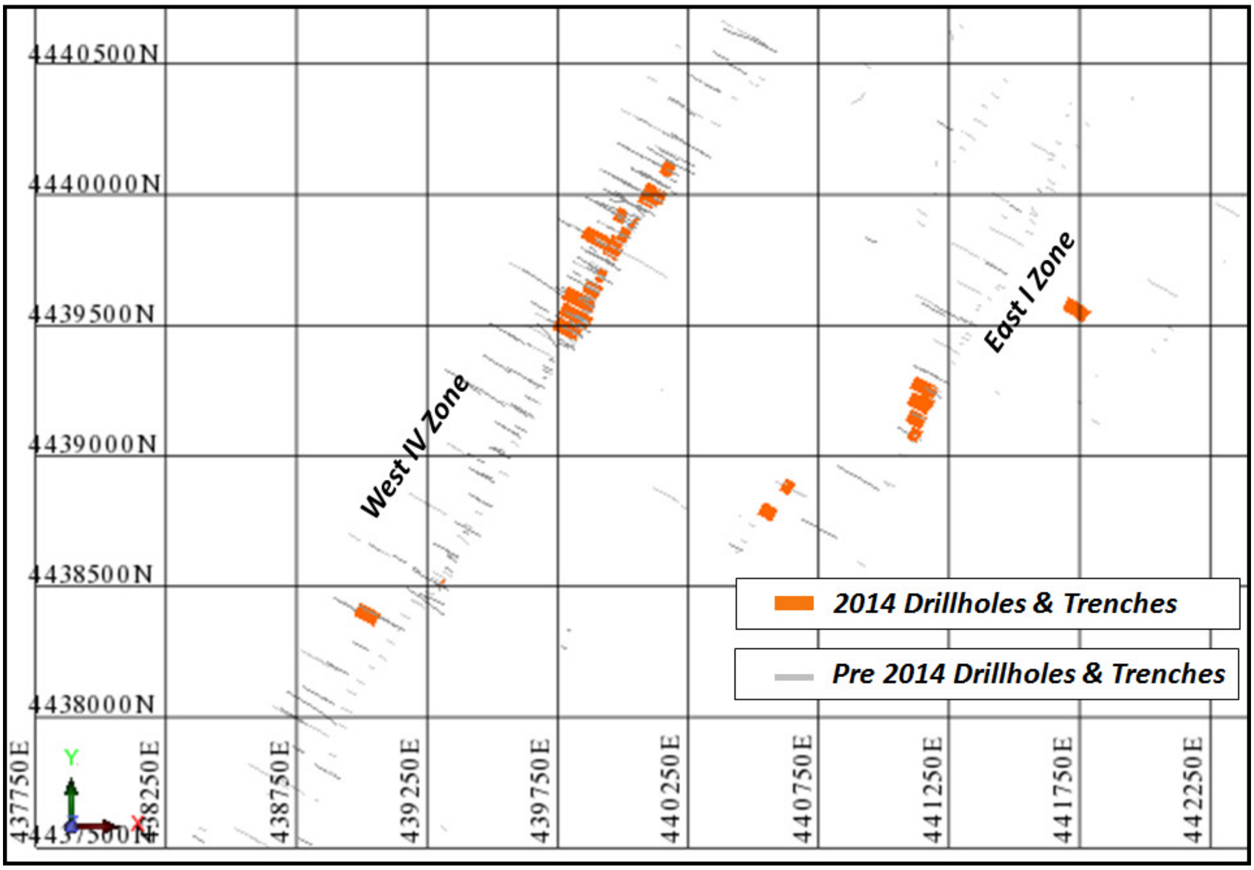


Figure 7-3: Sawayaerdun Deposit 2014 Drill Location

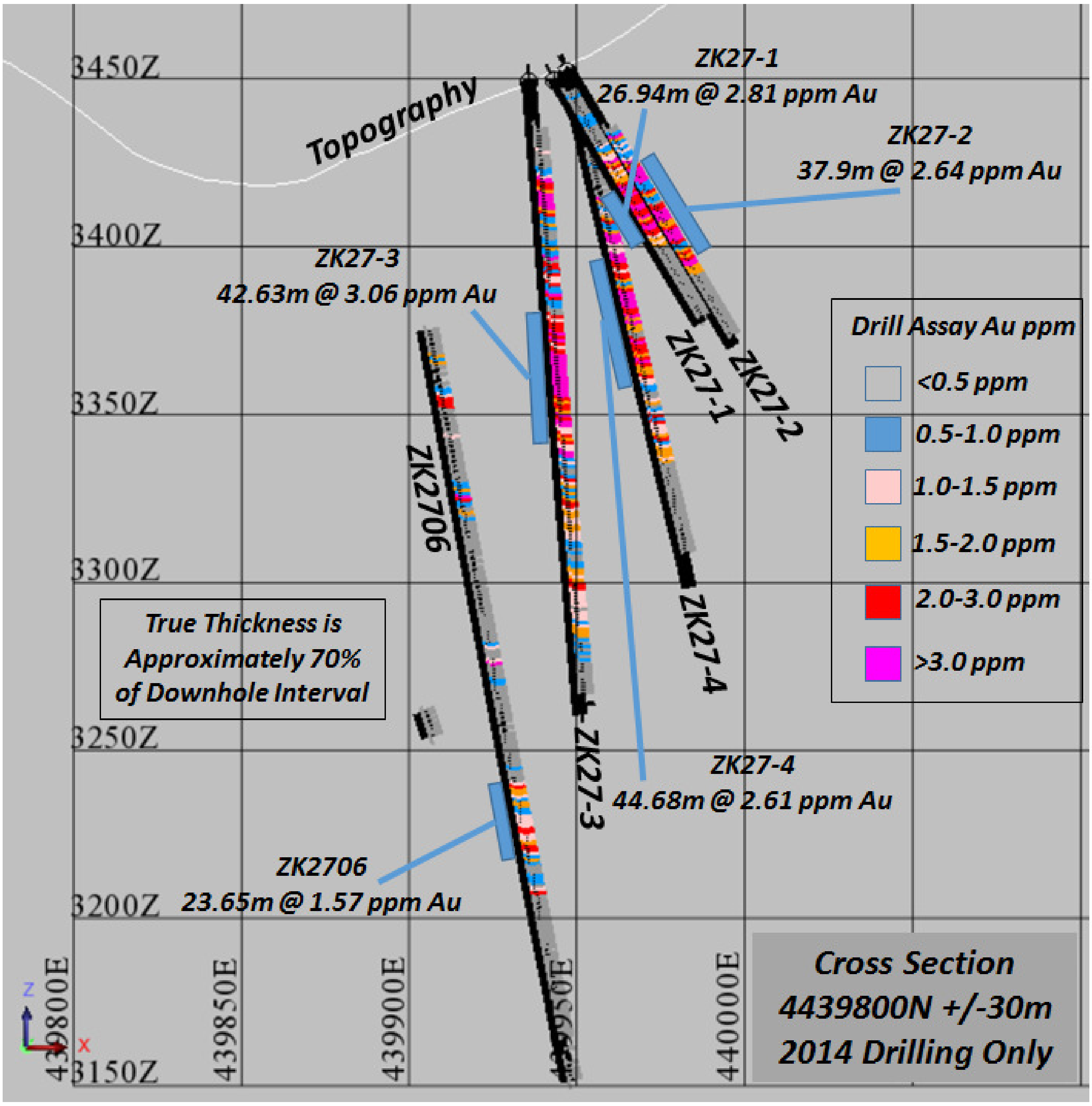


Figure 7-4: Sawayaerdun Deposit 2014 Drilling Results – Section 4439800N

Table 7-3: List of 2014 Drilling Significant Assays (>1ppm average gold grade intervals)

Hole_ID	Easting	Northing	Elevation	Azimuth	Dip	Depth	Significant Downhole Intercept (m)	True Thickness(m)	Depth From	Au ppm
IZK2801	441112.172	4439282.937	3774.061	118	-56	172	10.00	7.00	146.59	1.24
IZK3202	441099.323	4439221.933	3775.753	118	-61	180.18	13.31	9.32	142.47	1.41
IZK3601	441093.327	4439157.347	3777.061	118	-75	233.9	15.04	10.53	177.80	1.71
IZK4003	441098.538	4439090.103	3813.449	118	-75	160.06	18.63	13.04	67.10	1.66
IZK7201	440529.075	4438800.629	3727.059	118	-59	116.41	15.00	10.50	97.10	1.57
WXZK-5	439310.19	4438508.086	3668.913	298	-80	50.64	11.38	7.97	8.62	2.22
ZK0306	439742.439	4439508.757	3404.562	118	-63	220	6.48	4.54	118.67	2.08
ZK0308	439739.998	4439511.034	3404.518	118	-78	281.48	19.76	13.83	19.76	2.03
ZK0708	439764.934	4439565.533	3407.96	118	-69	340.35	13.00	9.10	172.25	1.77
ZK1105	439779.325	4439625.039	3410.633	118	-54	180	21.65	15.16	143.25	1.41
ZK1106	439777.092	4439626.092	3410.59	118	-65	225.08	14.50	10.15	175.40	1.58
ZK11-1	439853.27	4439568.748	3456.819	118	-68	90	18.00	12.60	48.60	1.52
ZK11-2	439865.663	4439596.252	3455.802	118	-71	83.66	17.89	12.52	45.93	3.12
ZK11-3	439852.955	4439568.961	3456.631	118	-82	179.96	21.72	15.20	82.70	1.38
ZK11-4	439850.215	4439604.228	3453.115	118	-82	180	19.00	13.30	142.96	1.55
ZK1501	439874.065	4439642.544	3447.337	118	-69	120.1	38.64	27.05	36.50	1.64
ZK1502	439853.445	4439653.554	3444.306	118	-81	255.03	9.76	6.83	41.90	2.45
ZK1901	439902.718	4439695.261	3441.833	118	-68	79.96	23.83	16.68	9.57	2.14
ZK2706	439896.157	4439834.415	3419.38	118	-78	274.6	23.65	16.56	183.88	1.57
ZK27-1	439943.343	4439793.757	3450.114	118	-56	90	26.94	18.86	31.00	2.81
ZK27-2	439947.174	4439824.487	3452.835	118	-56	100	37.90	26.53	34.47	2.64
ZK27-3	439935.645	4439797.837	3449.717	118	-85	190.03	42.63	29.84	70.89	3.06
ZK27-4	439946.662	4439824.775	3452.725	118	-75	160	44.68	31.28	51.51	2.61
ZK3108	439998.76	4439847.287	3477.277	118	-65	60	36.74	25.72	8.10	2.09
ZK3109	439986.557	4439854.888	3477.744	118	-84	170.1	51.58	36.11	39.38	2.07
ZK3501	440035.333	4439896.623	3496.805	118	-75	67.99	26.78	18.75	33.42	1.45
ZK4301	440122.3	4439988.324	3521.521	118	-76	95.2	22.00	15.40	62.00	1.49
ZK43-1	440098.378	4439981.633	3511.16	118	-78	139.78	21.35	14.95	69.49	1.96
ZK43-2	440105.837	4440011.645	3512.051	118	-62	130.1	12.68	8.88	69.15	1.76
ZK43-3	440068.386	4439997.456	3495.23	118	-75	140.12	16.01	11.21	103.65	1.26
ZK43-4	440081.493	4440024.503	3497.681	118	-65	140.02	32.00	22.40	58.68	2.26
ZK43-5	440069.661	4439996.837	3495.317	118	-84	180	33.96	23.77	87.46	2.68
ZK43-6	440080.666	4440024.931	3497.683	118	-84	175	30.75	21.53	126.13	2.75
ZK5102	440150.729	4440106.816	3508.088	118	-61	95.9	9.99	6.99	78.60	2.40

7.6 2014 Drilling Results

The drillholes completed for the 2014 program provided additional confirmation on the continuity of the mineralization in the upper area of the deposit primarily between 3350m RL and 3450m RL. The significant assays as reported in Table 7-3 confirm the thickness and grade as seen in the historical drilling within the same areas of resource, confidence is therefore high in the continuity and gold grade of the mineralization within this area. The deeper holes that were drilled confirmed that the mineralization generally thins at depth and may break into a series of mineralized splays.

Table 7-4: List of 2014 Drillhole Data

Hole_ID	Easting (Local m)	Northing (Local m)	Elevation (m)	Azimuth (Local)	Dip	EOH (m)
IZK2801	441112.172	4439282.937	3774.061	118	-56	172
IZK3201	441139.686	4439218.369	3827.165	118	-69	148.02
IZK3202	441099.323	4439221.933	3775.753	118	-61	180.18
IZK3601	441093.327	4439157.347	3777.061	118	-75	233.9
IZK3602	441094.353	4439156.829	3777.028	118	-65	160.01
IZK4003	441098.538	4439090.103	3813.449	118	-75	160.06
IZK6401	440612.504	4438892.185	3741.011	118	-65	100.02
IZK7201	440529.075	4438800.629	3727.059	118	-59	116.41
WXZK-5	439310.19	4438508.086	3668.913	298	-80	50.64
XIZK0731	441694.413	4439584.869	3986.638	118	-87	1241.62
ZK0306	439742.439	4439508.757	3404.562	118	-63	220
ZK0308	439739.998	4439511.034	3404.518	118	-78	281.48
ZK0708	439764.934	4439565.533	3407.96	118	-69	340.35
ZK1105	439779.325	4439625.039	3410.633	118	-54	180
ZK1106	439777.092	4439626.092	3410.59	118	-65	225.08
ZK11-1	439853.27	4439568.748	3456.819	118	-68	90
ZK11-2	439865.663	4439596.252	3455.802	118	-71	83.66
ZK11-3	439852.955	4439568.961	3456.631	118	-82	179.96
ZK11-4	439850.215	4439604.228	3453.115	118	-82	180
ZK1501	439874.065	4439642.544	3447.337	118	-69	120.1
ZK1502	439853.445	4439653.554	3444.306	118	-81	255.03
ZK1901	439902.718	4439695.261	3441.833	118	-68	79.96
ZK2706	439896.157	4439834.415	3419.38	118	-78	274.6
ZK27-1	439943.343	4439793.757	3450.114	118	-56	90
ZK2710	439850.777	4439858.663	3422.539	118	-70	180.1
ZK27-2	439947.174	4439824.487	3452.835	118	-56	100
ZK27-3	439935.645	4439797.837	3449.717	118	-85	190.03
ZK27-4	439946.662	4439824.775	3452.725	118	-75	160
ZK3108	439998.76	4439847.287	3477.277	118	-65	60
ZK3109	439986.557	4439854.888	3477.744	118	-84	170.1
ZK3501	440035.333	4439896.623	3496.805	118	-75	67.99
ZK3502	439973.925	4439929.085	3467.895	118	-81	250.02
ZK4301	440122.3	4439988.324	3521.521	118	-76	95.2
ZK43-1	440098.378	4439981.633	3511.16	118	-78	139.78
ZK43-2	440105.837	4440011.645	3512.051	118	-62	130.1
ZK43-3	440068.386	4439997.456	3495.23	118	-75	140.12
ZK43-4	440081.493	4440024.503	3497.681	118	-65	140.02
ZK43-5	440069.661	4439996.837	3495.317	118	-84	180
ZK43-6	440080.666	4440024.931	3497.683	118	-84	175
ZK5102	440150.729	4440106.816	3508.088	118	-61	95.9
ZK8410	438980.499	4438415.01	3553.164	118	-76	360

8 SAMPLE PREPARATION & ANALYSIS

8.1 Assay Laboratory

The core samples derived from the Sawayaerdun resource area drillholes were sent to the laboratory of Brigade No.2 in Kashi and the laboratory of Brigade No.1 in Shanshan.

8.2 Sample Preparation

The sample preparation method used for all half core diamond samples are as follows:

- The whole sample was passed through a jaw crusher and reduced to 2 mm to 3 mm pieces.
- The whole sample was passed through a rolls crusher to reduce the particle size to less than 1 mm.
- The sample was passed through a splitter and a 500 g sub-sample taken. The remainder was preserved as a reject sample.
- The 500 g sample was pulverized to -80 mesh.
- The sample was mixed and a 100 g cut taken. The remainder of the pulp was preserved.
- A one gram cut was pulverized to a nominal size of -160 mesh in small rod mills. These mills were washed between samples.
- A 0.1 g sample was cut and a three-acid solution was used to dissolve the sample. Gold was measured using atomic absorption spectrometry (AAS). The lower limit of gold values is 0.05 g/t Au.

8.3 Sample Transport & Security

Samples were transported to the laboratory either by a 4wd vehicle or truck under the supervision of Brigade No.2 technical staff.

8.4 Assaying Methods

Gold grades were determined using an atomic absorption spectrometry procedure (AAS).

- Blanks were inserted at a rate of one sample in 20 (5%).
- Pulp duplicates were inserted on a similar basis, with 5% of the samples being re-assayed.
- Reference samples were not inserted in the field, but were inserted in the laboratory.
- Five percent of the samples taken were sent to an external laboratory for check analysis. These check analyses were carried out in Urumqi at the Mineral Experimental Research Laboratory of the Bureau of Geological Exploration of Xinjiang.

Sample security is considered to be maintained since the samples remain under the control of the Brigade No. 2 throughout the entire process.

The QA/QC carried out by the Brigade No. 2 is typical of the procedures in Xinjiang Data Verification and considered appropriate by Mining One.

9 QAQC PROTOCOLS & RESULTS

9.1 Site and Laboratory QAQC

Quality Control and Quality Assurance (QA/QC) were carried out to Chinese National Standards. All sample preparation and analysis was conducted by the laboratory of Brigade No.2 in Kashi and the laboratory of Brigade No.1 in Shanshan. The steps undertaken by the Brigade No. 1 and 2 laboratory to maintain quality prior to dispatch included:

- Blanks were included at a one in 20 ratio.
- A minimum of 5% of all samples were sent to an independent laboratory for re-assay.
- No reference samples were included in the field.

Results of the laboratory standards, the field inserted blanks and the field inserted duplicates are shown in Figure 9-1, Figure 9-2 and Figure 9-3 below. Mining One is of the opinion that although best practice is to insert the standards in the field, the overall QAQC processes are sound for the drilling samples from the site. The results of the QAQC samples fall within acceptable ranges for this type of mineralisation and they are therefore of sufficient quality for use in determination of NI43-101 compliant Resources. Results of resampling from exploration phases 1,3 and 4 were also summarised in the 2014 RPM NI43-101 resource report, these are shown in Section 9.2 below.

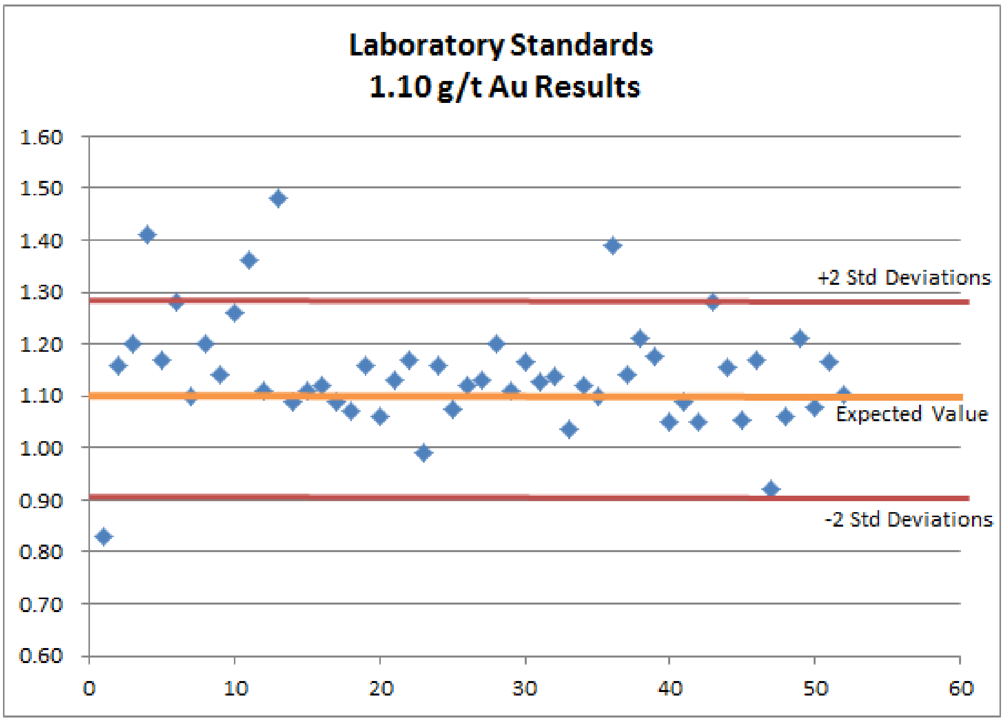


Figure 9-1: 1.1 g/t Au Standard QAQC Results (Laboratory)

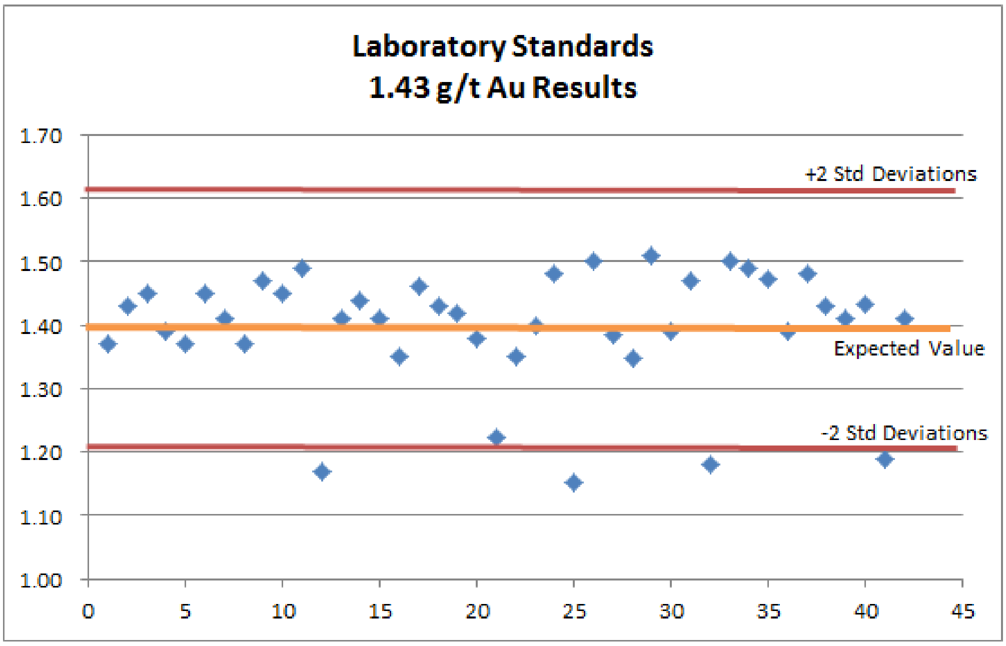


Figure 9-2: 1.43 g/t Au Standard QAQC Results (Laboratory)

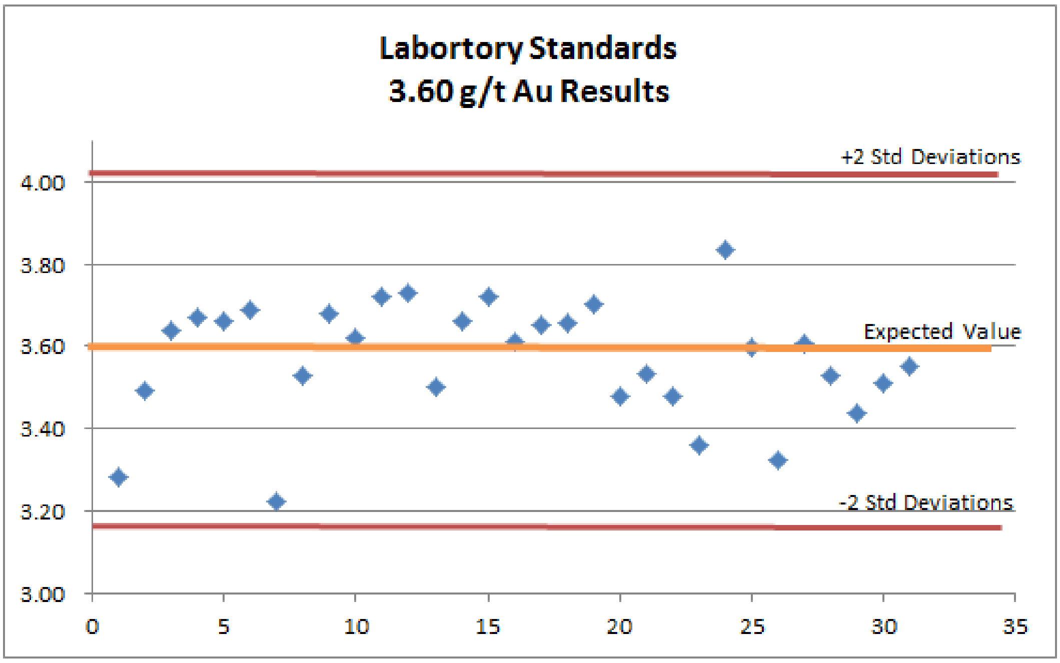


Figure 9-3: 3.60 g/t Au Standard QAQC Results (Laboratory)

9.2 Laboratory Repeat Sampling

As described in the 2014 RPM NI43-101 report internal and external pulp repeat samples were taken throughout the exploration works completed on the project. A total of 2,702 internal pulps and 857 external pulps were selected in addition to 592 external pulp duplicates. These were assayed at the Central Laboratory of Xinjiang Geology and Mineral Bureau in Urumqi. Plots of the results of these reanalysis programs are shown in the figures below. The results are generally deemed as acceptable and confirm that the Sawayaerdun assay dataset is suitable for use in estimation of NI43-101 compliant resources.

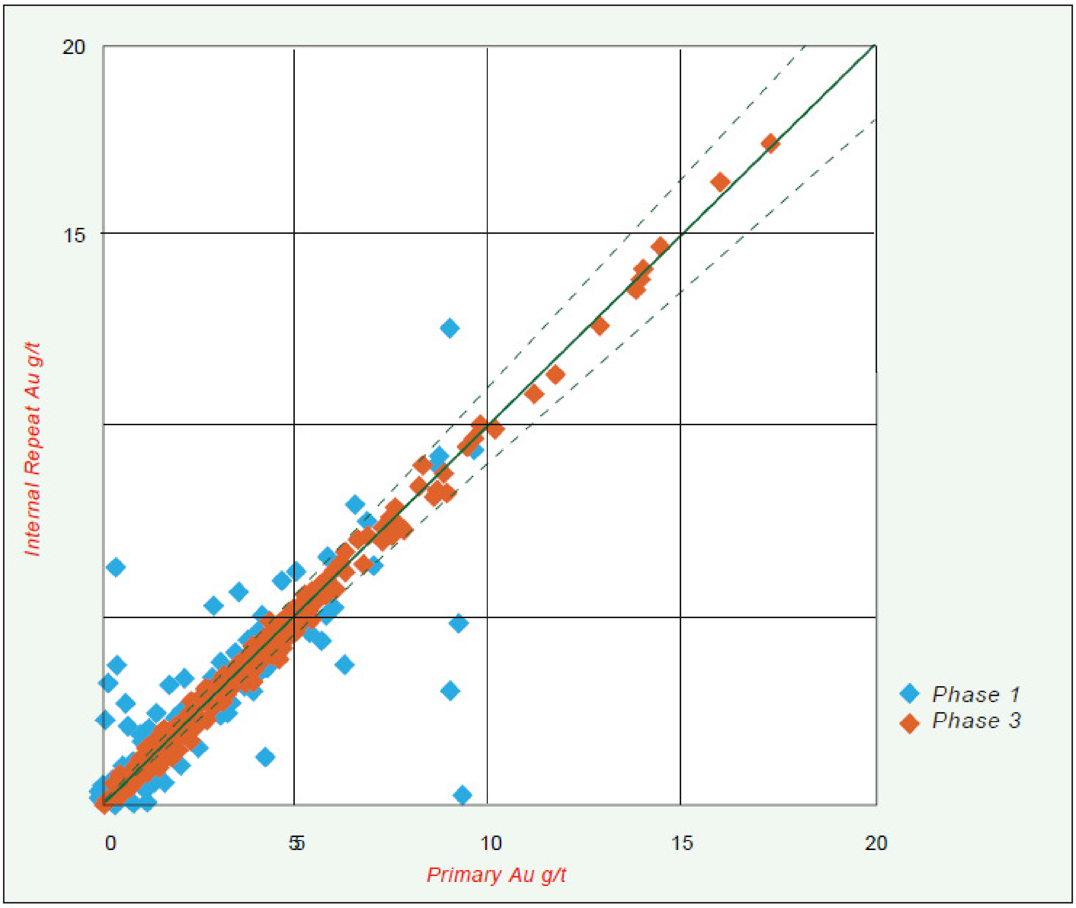


Figure 9-4: Phase 1 and 3 Au Internal Repeats vs Originals (Source: 2014 RPM Report)

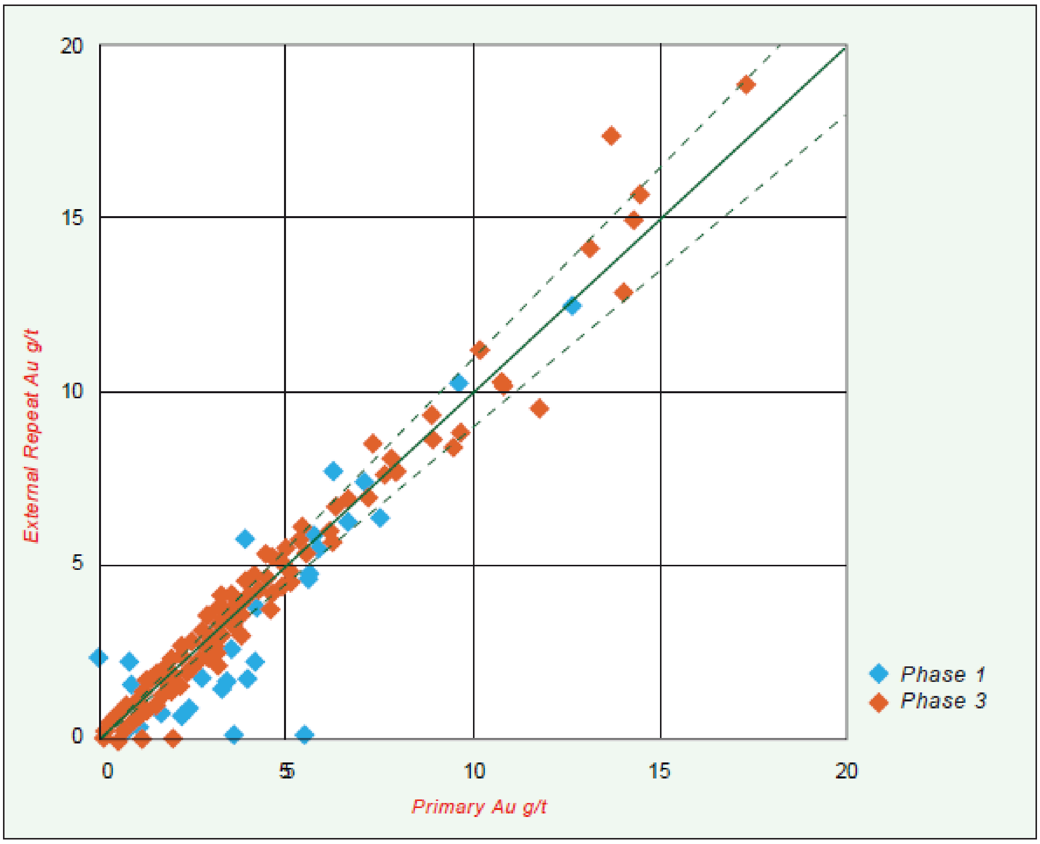


Figure 9-5: Phase 1 and 3 Au External Repeats vs Originals (Source: 2014 RPM Report)

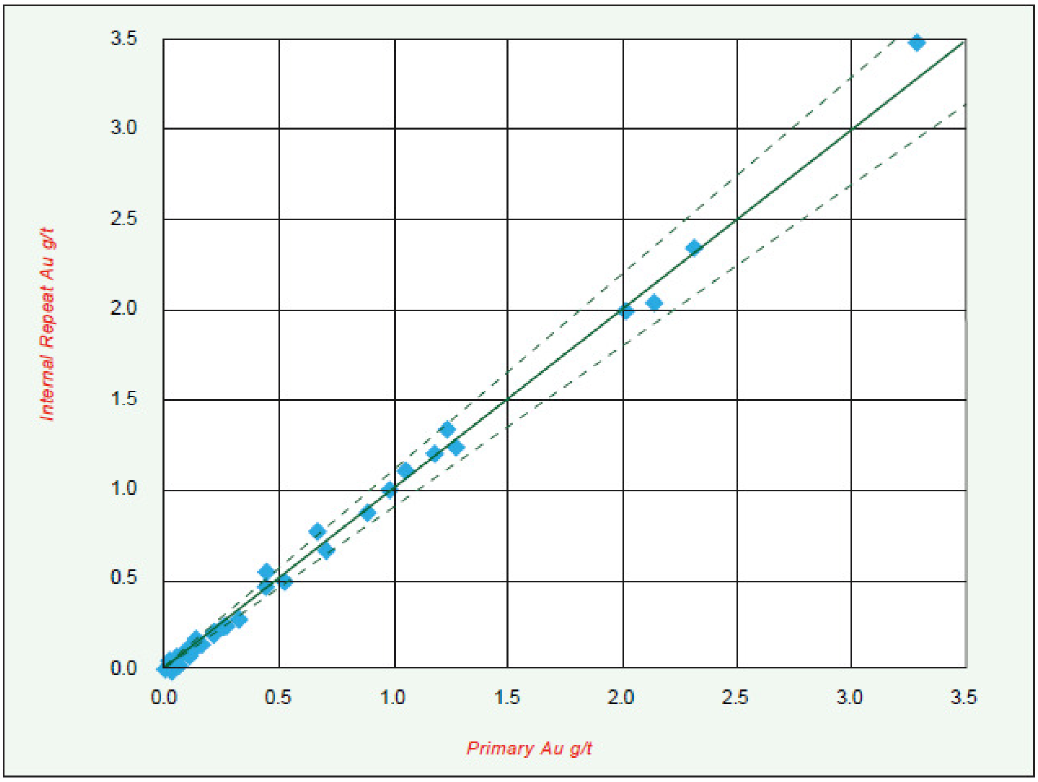


Figure 9-6: Phase 4 Au Internal Repeats vs Originals (Source: 2014 RPM Report)

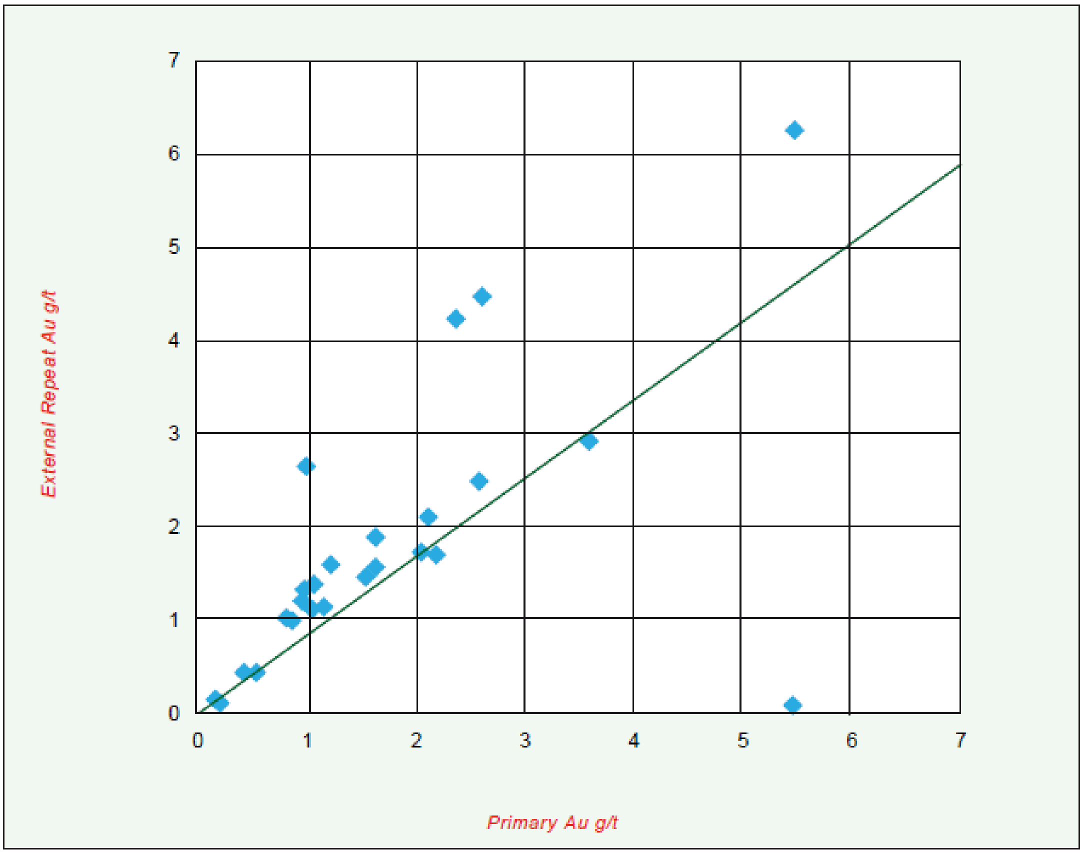


Figure 9-7: Phase 4 Au External Repeats vs Originals (Source: 2014 RPM Report)

9.3 Independent Duplicate Sampling

During 2012 Mining One Geologists visited the site, selected hole number ZK-1908 and requested the entire length of the hole to be laid out for inspection. The hole passed from the hangingwall through the mineralised zone and into the footwall. Overall the core was very broken however much of this breakage was due to the transportation and sampling process.

As typically seen in the Sawayaerdun deposit the hole contained a broad zone of approximately 150 m of mineralisation where pyrite and arsenopyrite were visible as well as significant densities of quartz veinlets through sections of the core. An inspection of the historical assay data for this hole shows gold values ranging from 0.01 g/t through to a highest grade of 5.12 g/t Au.

The Mining One team selected ten duplicate samples from the hole to conduct a comparison of these assay results against the original values. The samples were analysed at the Intertek Laboratory in Beijing where both a fire assay and ICP-OES multi-element analysis were carried out. The results of these duplicate samples fall within the acceptable range for this style of mineralisation. Results of these duplicate samples are shown in Figure 9-8 below.

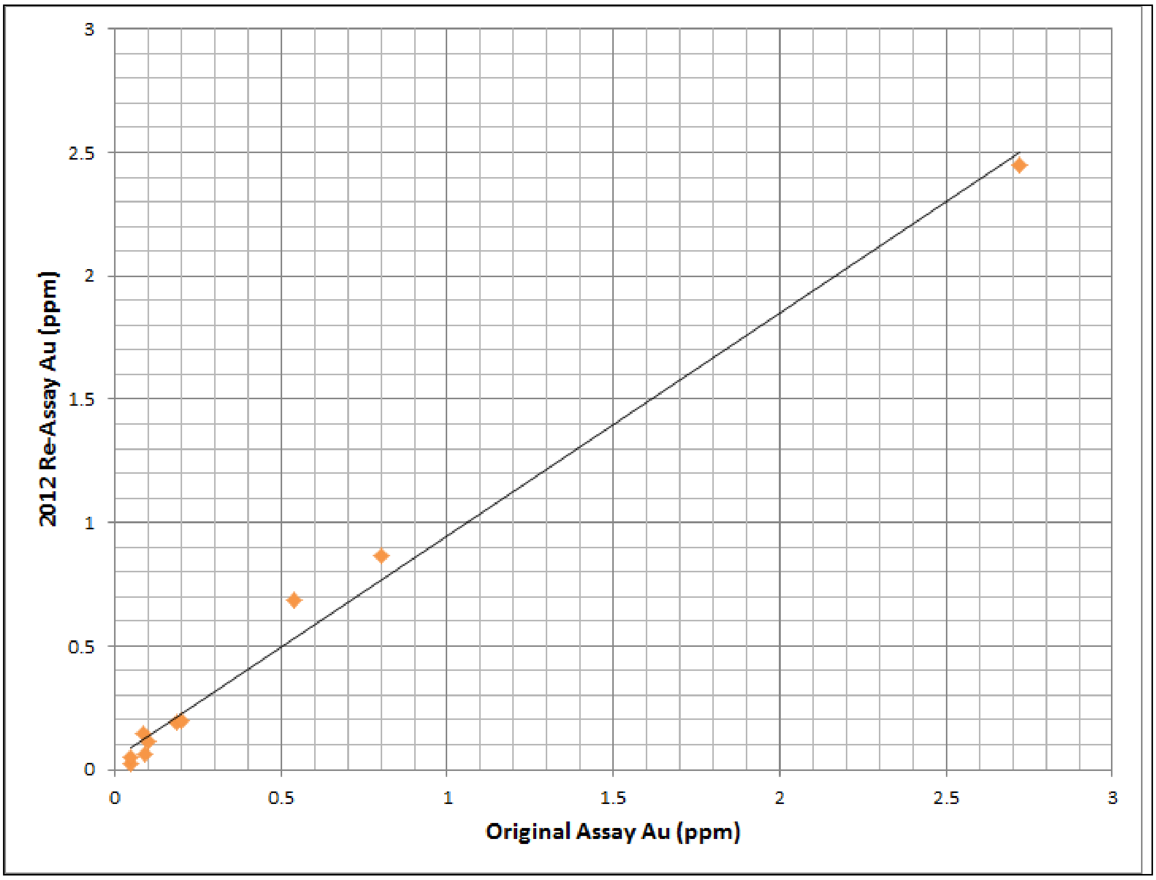


Figure 9-8: 2012 Independent Duplicate Sample Results

9.4 Overall Reliability of Samples

The results of the laboratory QAQC samples, internal and external pulp re-analysis and the independent duplicate sampling indicate an acceptable correlation between the original assay determination and the re-analysis results. There is some scatter in the correlation plots however the overall result indicates that the assay dataset is suitable for use in estimation of resources. RPM in 2014 commented on a bias that is apparent due to assaying via the aqua regia versus the fire assay method, Mining One agrees that further test work should be completed although the overall effect on the global resource is deemed to be minimal.

10 DATA VERIFICATION AND SELECTION

10.1 Data Overview

The overall drilling and sampling database has been verified as part of the 2013 and 2014 NI43-101 resource estimates. During the site visit Mining One technical staff viewed the location of several recent drill holes and made a visual validation of their location in relation to the historical drilling. The core processing procedure and the laboratory of Geological Brigade No.1 in Shanshan were also viewed, although a visit was not made to the laboratory of Geological Brigade No.2 in Kashi.

10.2 Data Selection

Mining One reviewed the drilling, trenching and sampling data contained with the database supplied by GobiMin and found that generally the dataset was free from material errors that could affect the resource estimation process. As was highlighted by RPM in 2014 however a series of drillholes and channel were again excluded from the estimate, details of these exclusions are shown in Table 10-1 below.

Table 10-1: List of Excluded Drillholes and Trenches

ID	Type		ID	Type		ID	Type
ZK7502	*Surface Drillhole*		*TC1*	*Surface Trench*		*MT05_17*	*Surface Trench*
SWD04_05	*Surface Drillhole*		*TC124*	*Surface Trench*		*MT05_19*	*Surface Trench*
SWD05_15	*Surface Drillhole*		*TC88*	*Surface Trench*		*MT05_21*	*Surface Trench*
SWD05_24	*Surface Drillhole*		*MT04_32*	*Surface Trench*		*MT05_45*	*Surface Trench*
SWD05_25	*Surface Drillhole*		*MT04_33*	*Surface Trench*		*TC1501*	*Surface Trench*
SWD06_54	*Surface Drillhole*		*MT04_34*	*Surface Trench*		*TC1601*	*Surface Trench*
ZK4705	*Surface Drillhole*		*MT04_35*	*Surface Trench*			
ZKWX-2	*Surface Drillhole*		*MT04_40*	*Surface Trench*			
ZKWX-3	*Surface Drillhole*		*MT04_41*	*Surface Trench*			

10.3 Overall Data Verification Assessment

Given the assessment of the QAQC results that support the assay dataset, the verification of drillhole and trench location data completed by RPA, RPM and Mining One and the findings of the site visit Mining One assess the resource database as being valid and verified.

The Sawayaerdun database is therefore deemed to be suitable for the estimation of NI43-101 compliant resources.

11 DENSITY DATA

11.1 Density Measurement Database

Density measurements were taken from the 2011 and 2012 drilling programs. The results of these measurements indicate an average density of 2.8 t /cu.m. This value has been used by RPA and RPM in the 2013 and 2014 respectively. The spatial location of the density measurements is deemed to sufficient to provide an accurate representation of the mineralized domain density value.

Mining One however recommends that additional density measurements be collected as new holes are drilled and or channel samples are taken. The density values should also be estimated into the model rather than using one average value for all blocks, this will better capture any local variability in density values throughout the deposit.

Density values were taken using the Archimedes method with the following equation used to calculate each density value.

$$\text{Density} = \text{Dry Weight} / (\text{Dry Weight} - \text{Wet Weight})$$

For the purposes of the resource estimation process a density value of 2.80 was used within the mineralized domain wireframe and a density of 2.80 was also used for material outside of this domain.

11.2 Coding of Density Data into Model

The density values used for mineralization and waste within the resource were assigned to blocks based on the mineralized domain wireframe. No estimation was used to estimate values based on mineralogical content or other methods. All mineralized material is therefore assigned a density of 2.80 and waste also assigned a value of 2.80.

12 MINERAL RESOURCE ESTIMATION

12.1 Previous Estimates

Several previous resource estimates were completed for the Sawayaerdun Project. The results of the most recent NI43-101 resource estimates are shown in Table 12-1 below.

Table 12-1: Previous NI43-101 Resource Estimates

Estimate	Results				
	Domain	***Class***	***Mt***	***Grade***	***M Oz***
RPA 2013	*Zone IV Main*	*Measured*	*9.68*	*2.14*	*0.666*
		Indicated	*9.09*	*1.65*	*0.482*
		Inferred	*26.20*	*1.46*	*1.230*
	Zone I	*Inferred*	*7.04*	*1.50*	*0.340*
RPM 2014	*Zone IV Main*	*Measured*	*10.49*	*1.9*	*0.634*
		Indicated	*11.68*	*1.7*	*0.632*
		Inferred	*52.59*	*1.40*	*2.393*
	Zone I	*Inferred*	*9.35*	*1.20*	*0.356*

12.2 Source Data Files

The drilling and sampling data used for the resource estimate was taken as a subset of the database supplied by GobiMin in excel format named as follows;

Table 12-2: Source Excel Drilling Information

File	Name
Collar	*SWD_Collar_Access.xls*
Survey	*SWD_Survey_Access.xls*
Assays	*SWD_Assays_Access.xls*
Geology	*SWD_Geology_Access.xls*

These excel files were imported into an Microsoft Access database named “GobiMin.mdb” that was then connected to Surpac via a database definition file.

12.3 Mined Void Modeling

Some limited underground development has been completed within the project area with development drives and cross cuts completed. No large scale stoping has been carried out and therefore a void model was not deemed to be required in relation to resource depletion.

12.4 Geological & Mineralized Domain Modeling

Sectional interpretation was completed using the geological interpretation supplied by GobiMin as a guide. Sections were generally interpreted on 40m spaced line across the mineralized domains, this was widened where the drill coverage decreased on the extremities of the deposit.

The interpretation is based on a combination of the diamond drilling, surface trench samples and the underground channel samples.

Sectional interpretation strings were generally based on a 0.5 g/t Au domain however geological considerations were also included to define the mineralized domain boundary. Sectional strings were created for the Zone IV main, and Zone I mineralized domains.

The interpretation strings were then used to create 3D wireframes representing the mineralized domains. The wireframes were extended half a drill section spacing past the last section line to ensure that all assay data was included within the wireframe.

A 3D geological model of each rock domain was not constructed for the purposes of this estimate. The interpretation and modeling work was focused on definition of the Sawayaerdun mineralized domain model.

Table 12-3: Sawayaerdun Wireframe Model Volumes

Wireframe File	Volume
Zone IV Main	*60,198,828*
Zone I	*6,162,696*

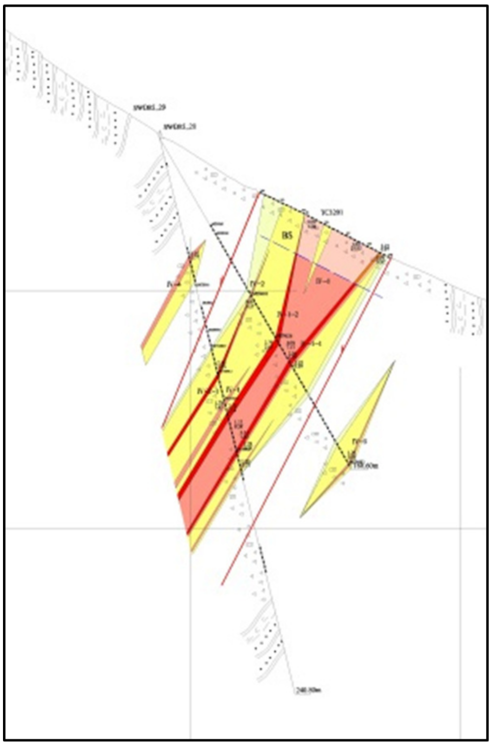


Figure 12-1: Example Section for Basis of Interpretation

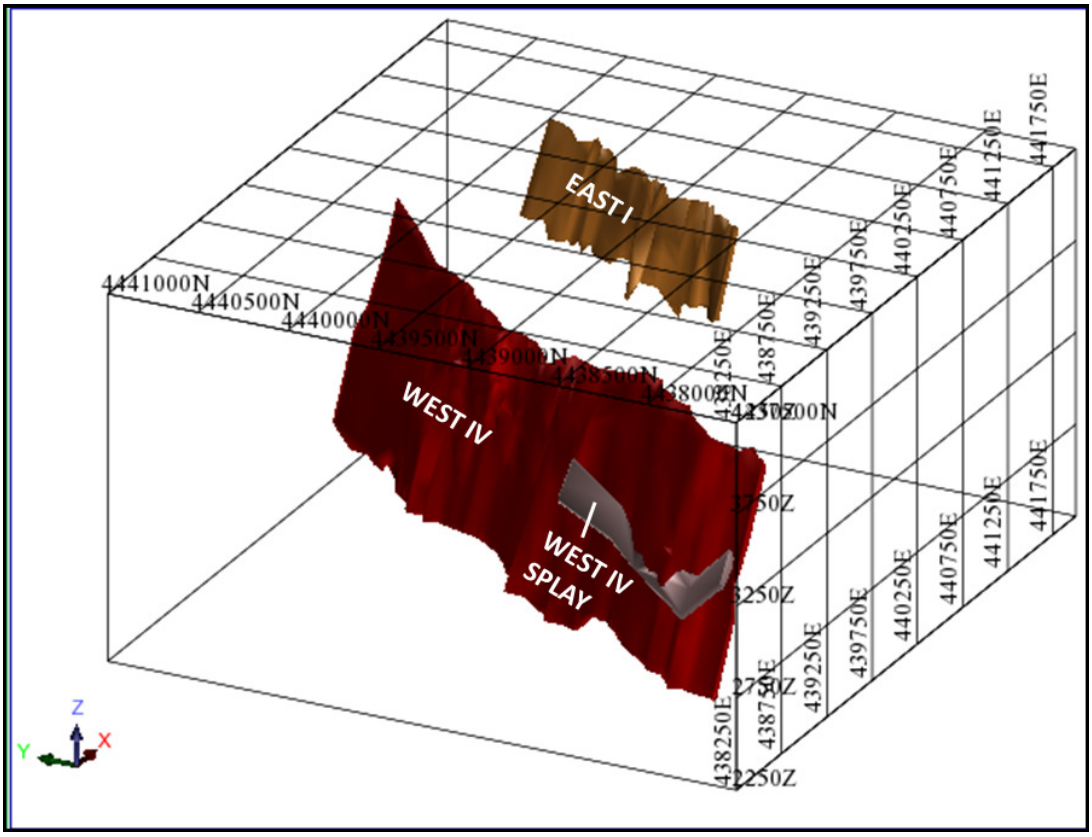


Figure 12-2: West IV, East I Wireframe Domains

12.5 Compositing

The median sampling interval contained within the source assay dataset is 1m. The distribution of sample lengths is shown in Figure 12-3 below. Given that 1m is the most common sample length and that the deposit is most likely to be mined via underground methods a composite length of 1m was selected as the basis for the resource estimation.

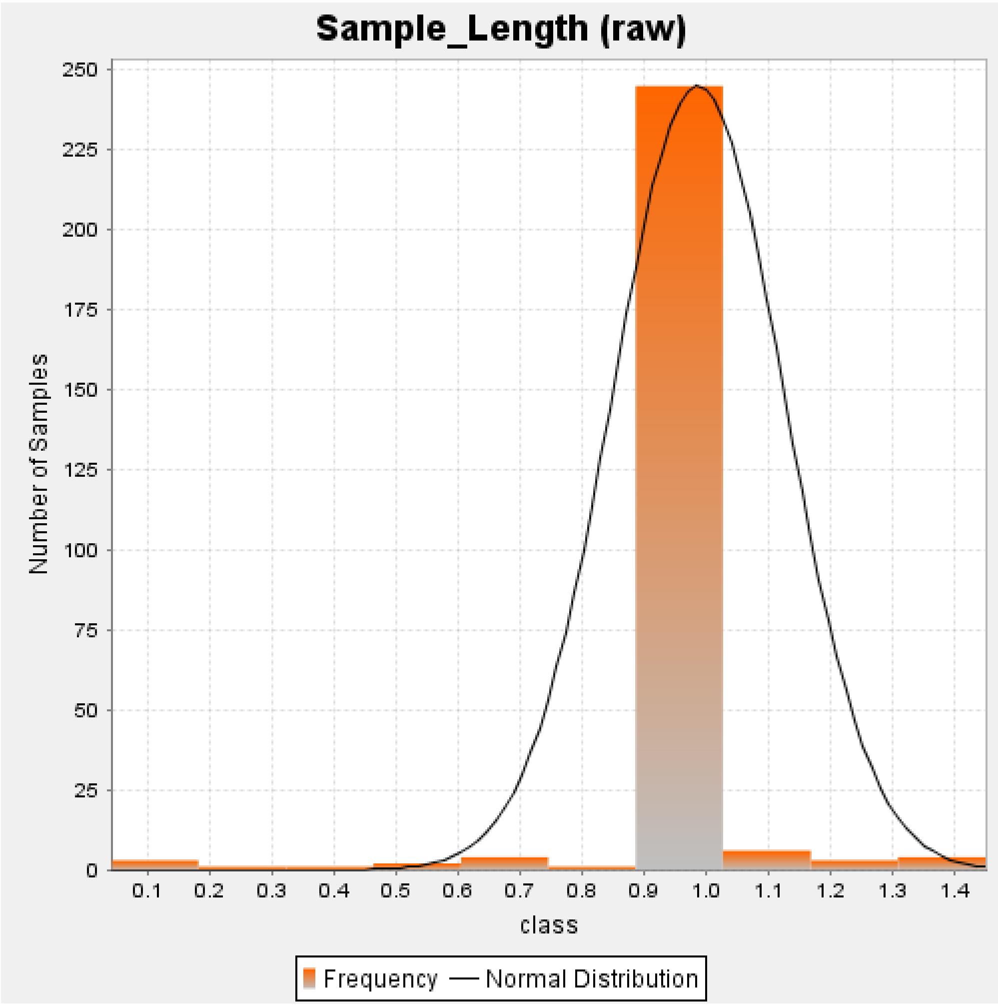


Figure 12-3: Drillhole Sample Lengths – Histogram

Three composite files were created to represent the West IV, West IV Splay and East I mineralized domains

The composite files were created using the downhole compositing function in Surpac. The mineralized domain wireframes were used via the 3DM drillhole intersection tool to code a field created in the assay database as mineralization or waste (inside or outside the wireframe). This code was then used a filter during the compositing routine, the composite files therefore only contains data located within the mineralized domain wireframe. The composite file names and codes used within the assay database are summarized in Table 12-4 below.

Table 12-4: Composite Data File Names & Coding

Domain	Composite File Name	Database Code
West IV	*west_iv_comps_1m.str*	*100*
East I	*east_i_comps_1m.str*	*200*

Table 12-5: Composite Data File Fields – All Domains

D1	D2	D3	D4	D5	D6
Au_ppm	*Hole ID*	*From*	*To*	-	*Length*

Table 12-6: Composite Data Statistics – All Domains

Domain	Attribute	# Comps	Min	Max	Mean	Var	Std
West IV	*Au_ppm*	*11,480*	*0.03*	*51.24*	*1.29*	*1.91*	*1.38*
East I		*850*	*0.02*	*4.6*	*1.10*	*0.60*	*0.78*

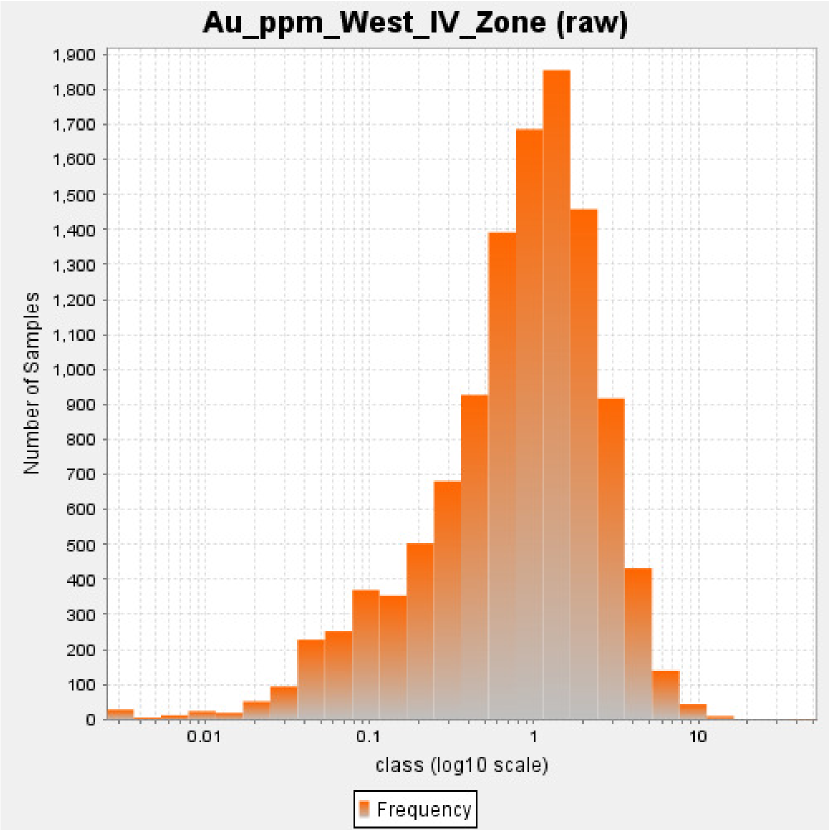


Figure 12-4: West IV – Au ppm Composites Histogram

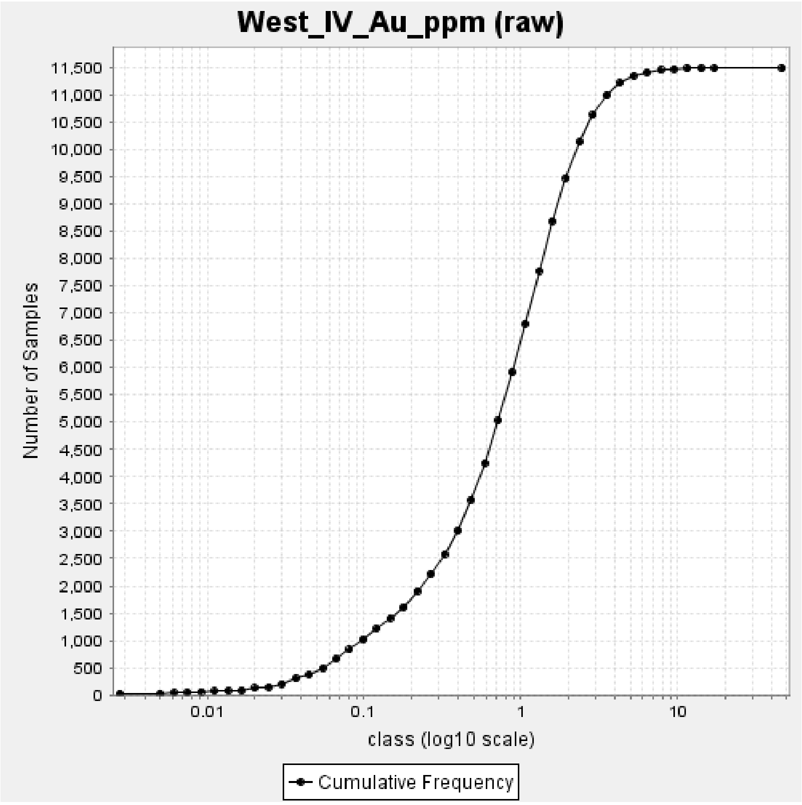


Figure 12-5: West IV Au ppm Cumulative Frequency Plot (Log10)

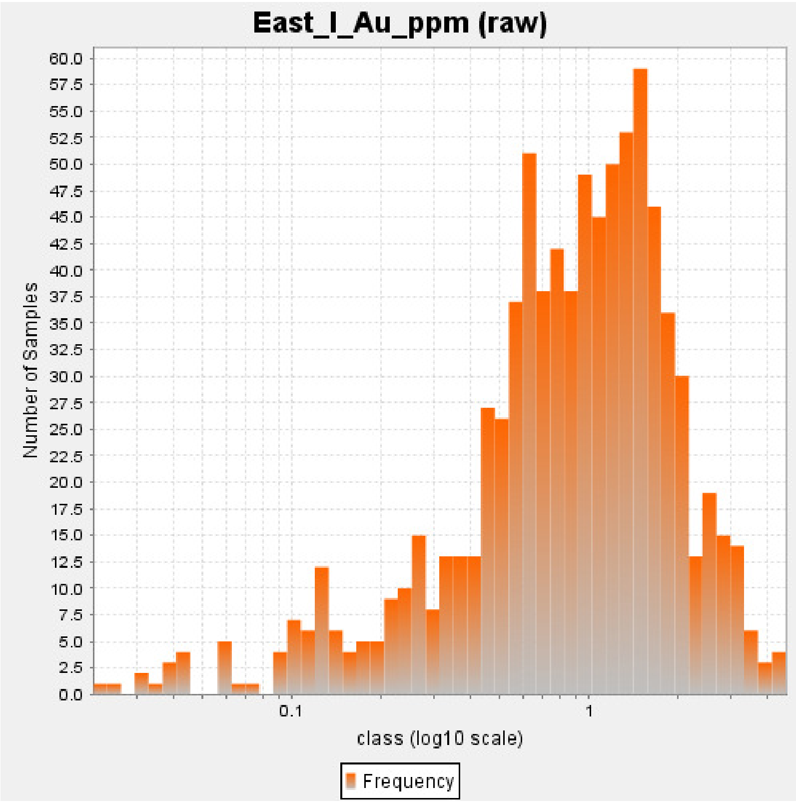


Figure 12-6: East I - Au ppm Composites Histogram

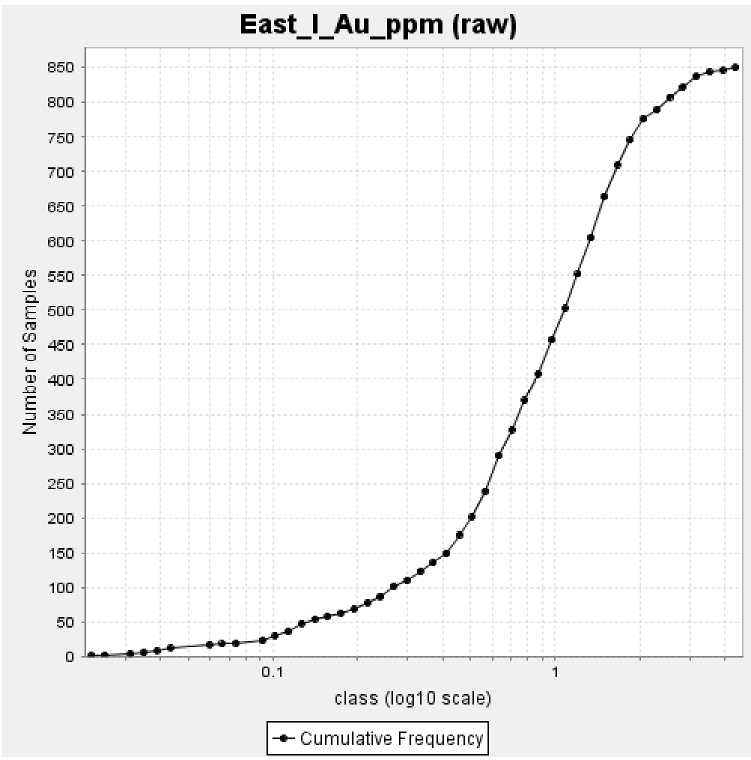


Figure 12-7: East I - Au ppm Cumulative Frequency Plot (Log10)

12.6 Grade Capping

High grade outliers within the resource assay dataset can lead to an overestimation of the block grades if not appropriately accounted within the resource modelling process.

The Sawayaerdun deposit contains gold mineralization modelled within three main domains being the West IV, and East I zones.

Statistical analysis shows that top cutting is not necessary for the East I domains given the lack of high grade outliers and that the coefficient of variation is less than 1 for both of these domains (The coefficient of variation can be used as an approximate guide as to if sample populations require top cutting).

Domain West IV however does contain some high grade gold results and has a coefficient of variation greater than 1.00 (1.07), Mining One therefore assesses that a top cut can be applied to the sample population contained within this domain. Other methods of dealing with high grade outliers such as using MIK or multiple runs of ordinary kriging could be considered for future estimates.

A summary of the statistics relevant to applying a top cut are shown in Table 12-7 below.

Table 12-7: Composite Data Statistics – Top Cut Analysis

Domain	Attribute	# Comps	Min	Max	Mean	Var	Std	Coeff.Var
West IV	*Au_ppm*	*11,480*	*0.03*	*51.24*	*1.29*	*1.91*	*1.38*	*1.07*
East I		*850*	*0.02*	*4.6*	*1.10*	*0.60*	*0.78*	*0.97*

Several methods were used to determine the appropriate value where a composite should be cut for the West IV domain, these methods were:

- 95% Confidence Interval – Typically provides a guide to a valid top cut point. The formula used to calculate this value was:

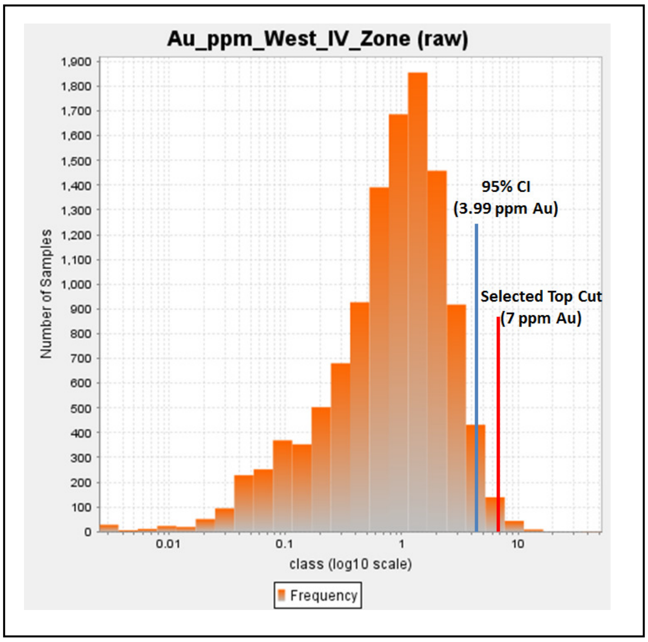
  95% Confidence Interval = Mean + (1.96 x Standard Deviation)

- Histograms and probability plots – These plots were used to visually determine the appropriate top cut value for each metal component within the resource
- Historical production information from the deposits or similar deposits within the project area.

12.6.1 West IV Domain Top Cut Analysis

The 95% confidence interval value for the gold composite dataset equates to a Au grade of 3.99 ppm. By reviewing the histogram and cumulative probability plot the top cut value was selected at 7ppm Au this is where the probability plot shows that the variability within the sample population increases and is a realistic grade point as viewed in the histogram plot.

A total of 77 composites were cut using this method representing 0.67% of the dataset.



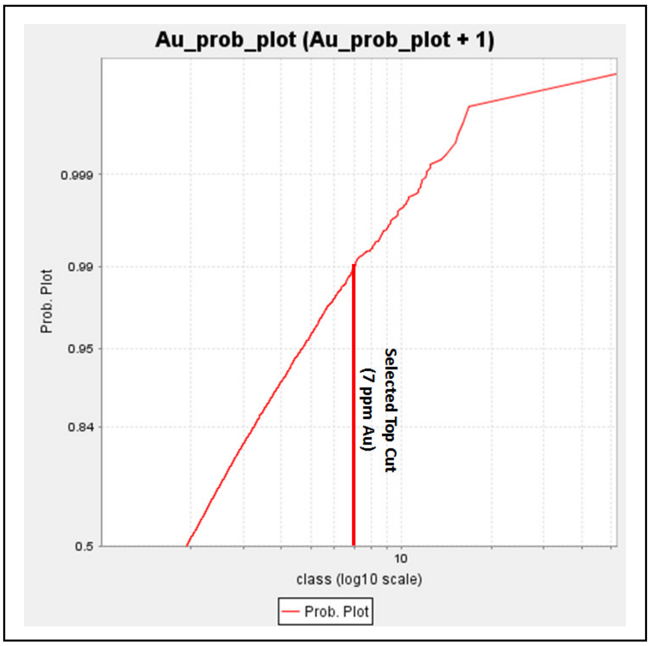


Figure 12-8: West IV Domain Au ppm Top Cut Analysis

12.7 Variography & Estimation Search Parameters

Variogram analysis was completed for both the West IV and East I domains. The West IV domain contains sufficient sample pairs to provide an adequately resolved variogram model however the East I domain does not. Geostatistical analysis was performed on composite files from both the West and East zones separately. The variogram models used for the West IV domain (major direction) is shown in Figure 12-9 and Figure 12-10 below. The downhole variogram produces a nugget value of 0.30 with the directional variogram producing a sill value of 0.80.

The interpreted major and semi major directions sourced from the variogram models fits with the known geological orientation and distribution of the Sawayaerdun deposit mineralization. These parameters where used to inform the ordinary kriging estimation method within the resource block model.

Table 12-8: Variography Parameters – Sawayaerdun Gold Project

		Structure 1				Structure 2			
Domain	Nugget	Sill	Range	Major/Semi	Major/Minor	Sill	Range	Major/Semi	Major/Minor
West IV	*0.30*	*0.80*	*25*	*1*	*4*	*0.79*	*130*	*1*	*4*

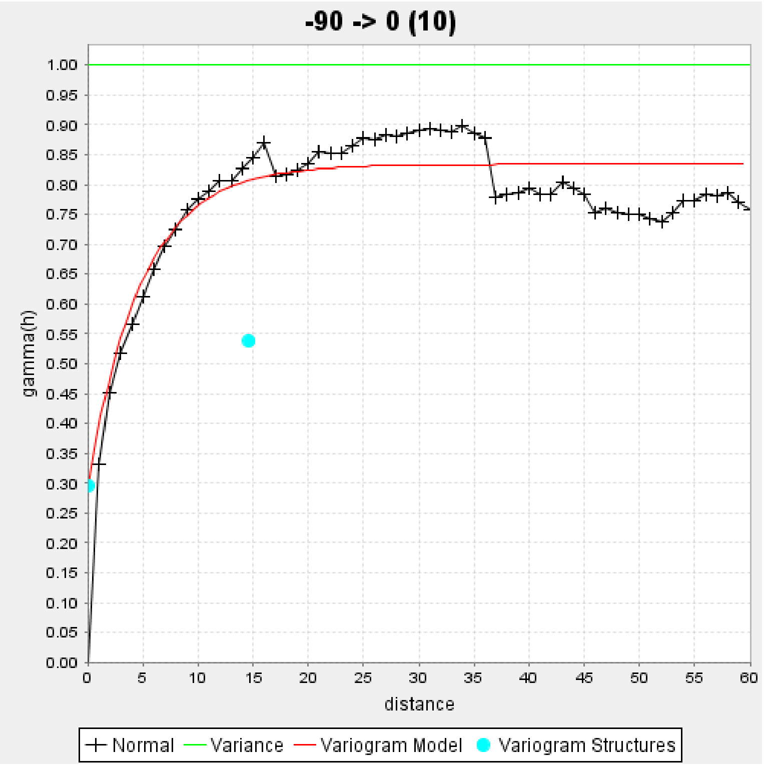


Figure 12-9: West IV Domain Downhole Variogram

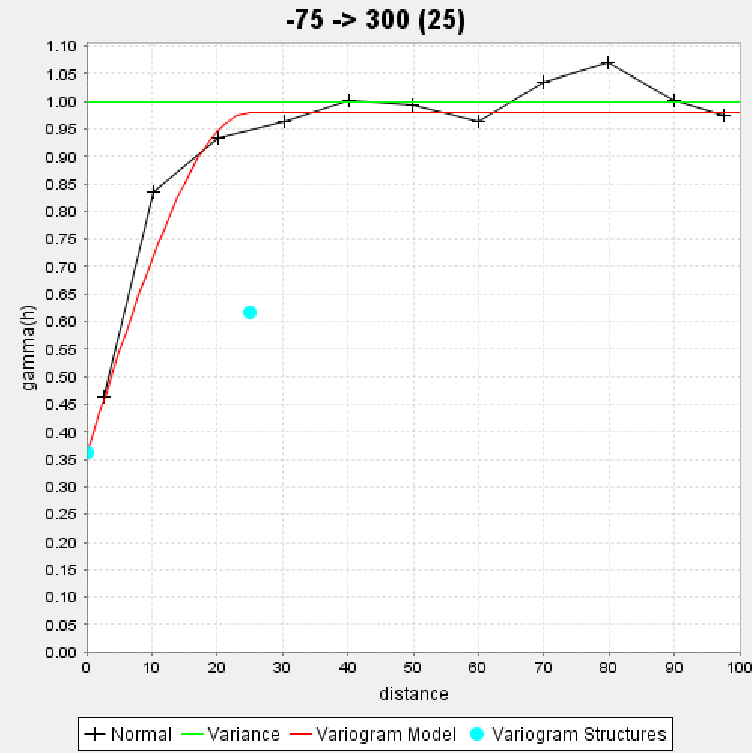


Figure 12-10: West IV Domain Directional Variogram (Major Axis)

The overall search ellipsoid parameters used for the estimate are summarized in Table 12-9 below. The same parameters were used for the East I domain. As can be seen in Figure 12-11 the East I domain has a similar overall orientation both in the strike and dip, the use of the West IV domain parameters to estimate blocks into the East I domain is assessed as reasonable given the local geological knowledge of the deposit and the orientation of the 3D models produced.

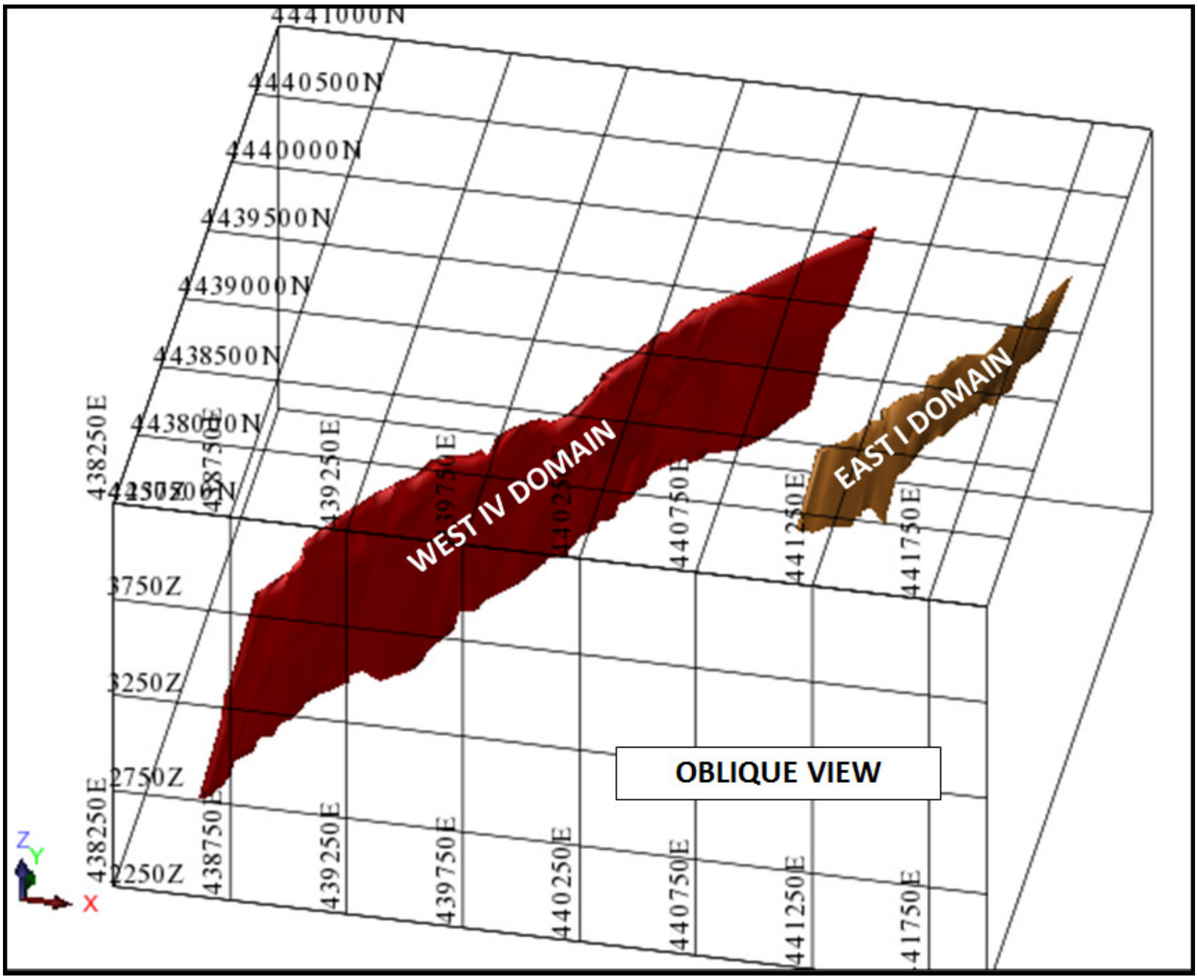


Figure 12-11: West and East Domains - Orientations

Table 12-9: West IV Domain Search Ellipsoid Parameters

Attribute	Value
Strike	030
Plunge	0
Dip	-75
Ratio	4:1

A visual representation of the search ellipsoid used to inform the estimation of blocks is shown in Figure 12-12 below.

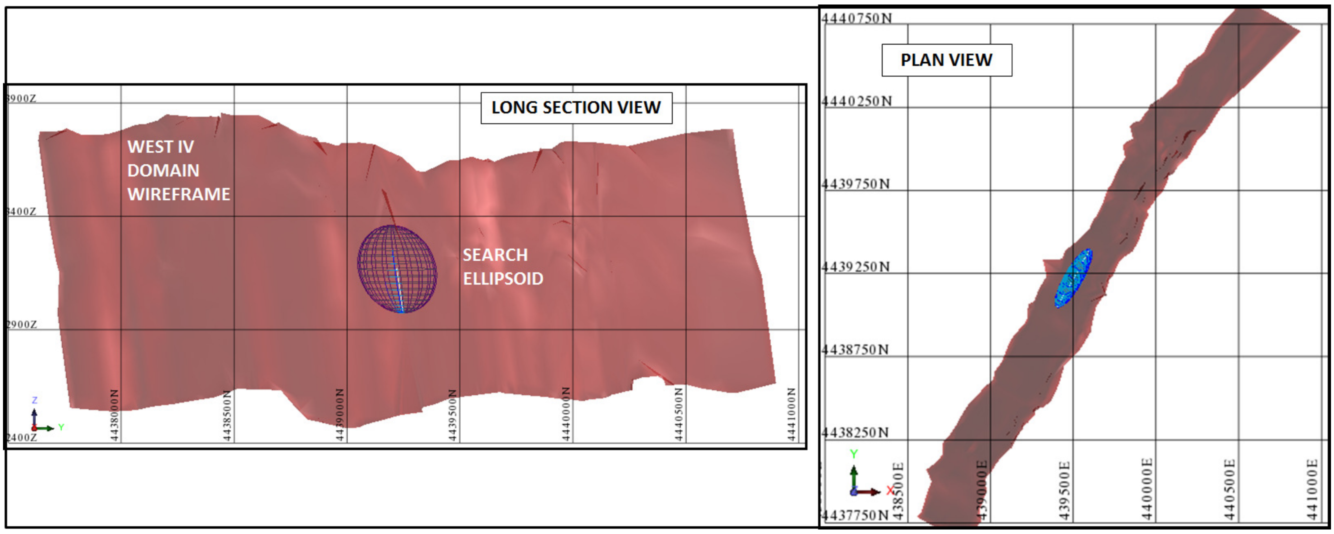


Figure 12-12: Search Ellipsoid Orientation Images

12.8 Block Model Construction

The block model was constructed in Surpac software with the parent block size chosen based on a factor of the drill spacing and overall potential underground mining method for the deposit. Sub-blocking was also used to ensure appropriate block definition on the boundaries of the modeled domains.

The parameters used to construct the base block model are summarized inTable 12-10 :

Table 12-10: Block Model Construction Parameters

Model Coordinates			
	Local East (X)	Local North (Y)	Local RL (Z)
Min	437,500	4,437,600	2,300
Max	440,200	4,442,800	4,370

Model Orientation			
	Bearing	Dip	Plunge
Rotation	30	0	0

Block Size (m)			
	(X)	(Y)	(Z)
Parent Block	20	20	5
Sub-blocking	2.5	2.5	0.625

Table 12-11: Block Model Attribute Fields

Model Attributes		
Attribute Name	Type	Attribute Description
au_ok_uncut	Float	Ordinary Kriging estimate using uncut gold composite values
au_ok_cut	Float	Ordinary Kriging estimate using cut gold composite values
ave_dist_samp	Float	Average distance to composite samples from block centroid
block_variance	Float	Variance for each block estimate
conditional_bias	Float	Conditional bias relating to each block estimate
dist_nearest_sample	Float	Distance to nearest composite sample
domain	Integer	1=East I, 4=West IV
kriging_ efficiency	Float	Kriging efficiency of each block estimate
kriging_ variance	Float	Kriging variance of each block estimate
lagrange_multiplier	Float	Multiplier applied to each block
no_samp	Integer	Number of composites used to inform the block estimate
num_neg_weights	Integer	Number of negative kriging weights for a block estimate
pass	Integer	Estimation pass number
resource_class	Integer	1=measured, 2=indicated, 3=inferred, 4=unclassified
sg	Float	Density values of mineralization and waste
topo	Integer	1=below, 0=above

12.9 Estimation Technique

Given the distribution of gold within the deposit and the sample support available ordinary kriging was chosen as the estimate technique, the search parameters used were supported by the variogram analysis as outlined in Section 12.7 of this report. Inverse distance estimates were also run to provide validation during the estimation process.

The domain boundaries named "west_IV_final.dtm", "east_I.dtm" were honored by the estimate as a hard boundary, that is no composite data from outside of this domain was used to inform the grade estimation of blocks within the model.

12.9.1 Grade Interpolation Parameters

Grades were estimated into the blocks based on the cut 1m composite files. Three estimation passes were run for each of these composite files. Details of the parameters used for each estimation pass are summarised in Table 12-12.

Table 12-12: Grade Interpolation Parameters

Domain	Strike	Plunge	Dip	Pass#	Major/ Semi	Major/ Minor	Min Samp	Max Samp	Search Radius
West IV East I	030	0	-75	1	1	4	8	32	40m
				2	1	4	8	32	80m

Grades were estimated into each block attribute according to the description field number within the composite file with estimated grades entered into the grade attribute fields as shown in Table 12-5.

12.10 Oxidation Surface Coding

The weathering profile within the Sawayaerdun deposit exhibits a very shallow oxidation profile limited to <2m below the topography surface. No weathering surfaces were therefore built for the purposes of the estimation. Any local oxidation effects if present are not assessed to have a material effect on the density or metallurgical properties of the overall resource estimation.

12.11 Resource Classification

The resources were classified into measured, indicated, inferred and unclassified categories. The classification was based on confidence in geological continuity, drill data spacing and historical underground mapping and sampling information.

Wireframes were constructed for the measured, indicated and inferred domains based on the above mentioned criteria with these shapes used to code the resource classes into the block model. Blocks were "unclassified" in areas where drill spacing was insufficient to confirm lens continuity and/or geological confidence in orientation and continuity of the modeled zone.

The resources were classified using the "resource_class" attribute within the block model. The coding nomenclature is summarized in Table 12-13 below.

Table 12-13: Block Model Resource Classification Codes

Resource Class	Attribute Code
Measured	1
Indicated	2
Inferred	3

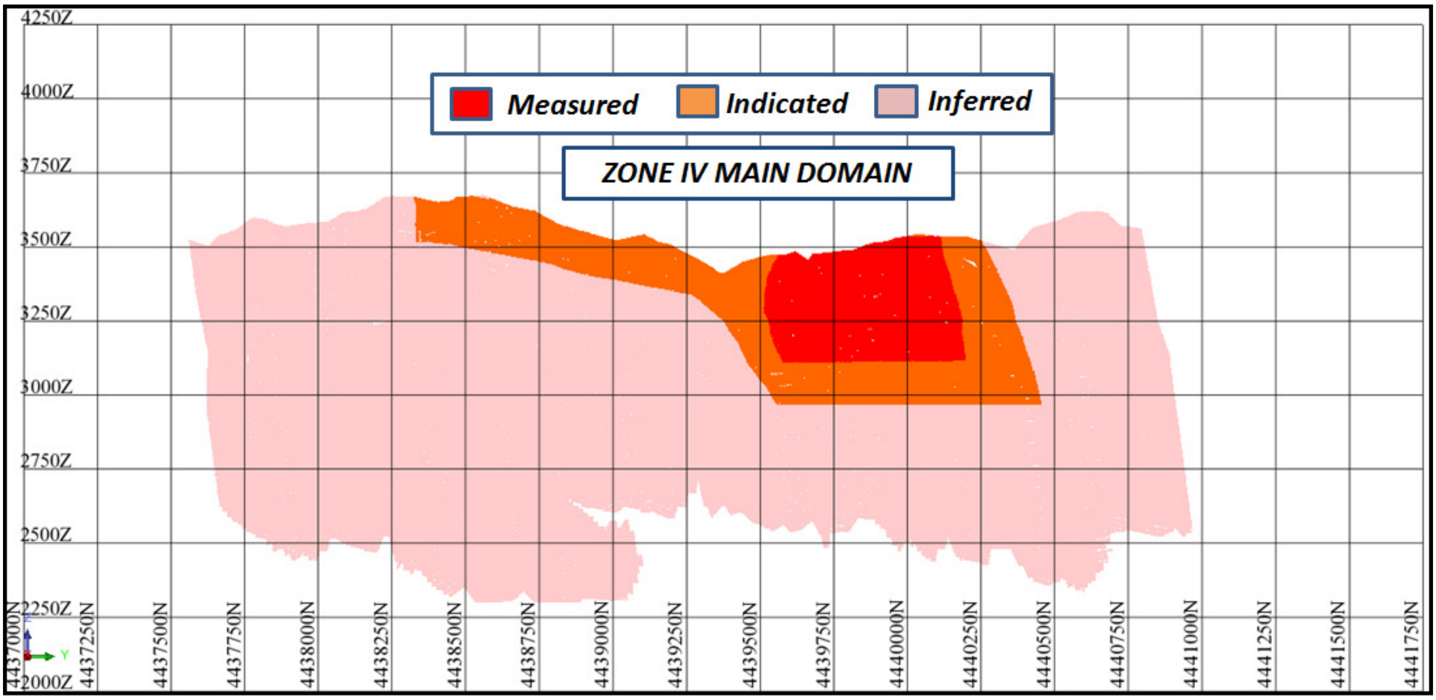


Figure 12-13: West IV Domain Resource Categories

12.12 Estimation Results

Block Model reports were run by reporting blocks within the ore domains, insitu, resource class less than or equal to 3 and greater than 1 g/t Au to produce the global resource estimate. The grade tonnage curve in Section 12.14 demonstrates the effect of raising the gold cut-off on the average resource gold metal content the same constraints were used on the source data to construct the curve that were used to filter the reported resources in Table 12-14.

Table 12-14: Sawayaerdun NI43-101 Resources – As at 18th March 2015*

	SAWAYAERDUN RESOURCES (>1.0 g/t Au) as at 18/03/2015				
Domain	Resource Class	Mt	Au (ppm)	Au Metal (t)	Au K Oz
Zone IV Main	*Measured*	*12.94*	*1.93*	*24.98*	*803*
	Indicated	*13.89*	*1.66*	*23.06*	*742*
	Measured + Indicated	***26.84***	***1.79***	*48.05*	***1,545***
	Inferred	*49.71*	*1.39*	*69.10*	*2,222*
Zone I Main	*Measured*	-	-	-	-
	Indicated	-	-	-	-
	Measured + Indicated	-	-	-	-
	Inferred	*9.67*	*1.3*	*12.57*	*404*

**Resource grades have been estimated using the cut composite values from the database.*

12.13 Dilution and Ore Losses

The mineralization interpretation wireframes were constructed using a 2 metre minimum downhole width, other than this no factors were applied to the resource estimate to account for dilution. Greater than 95% of the resource has an average true thickness of over 5 metres, as seen in Figure 7-4. It is envisaged that the minimum mining width for any underground mining operation would be 2 meters.

Given the average thickness of the mineralized domains the minimum mining width and considerations of dilution are not assessed as to having a material impact on the estimate. Mining dilution and recovery factors will however need to be considered further if reserves are estimated for the project.

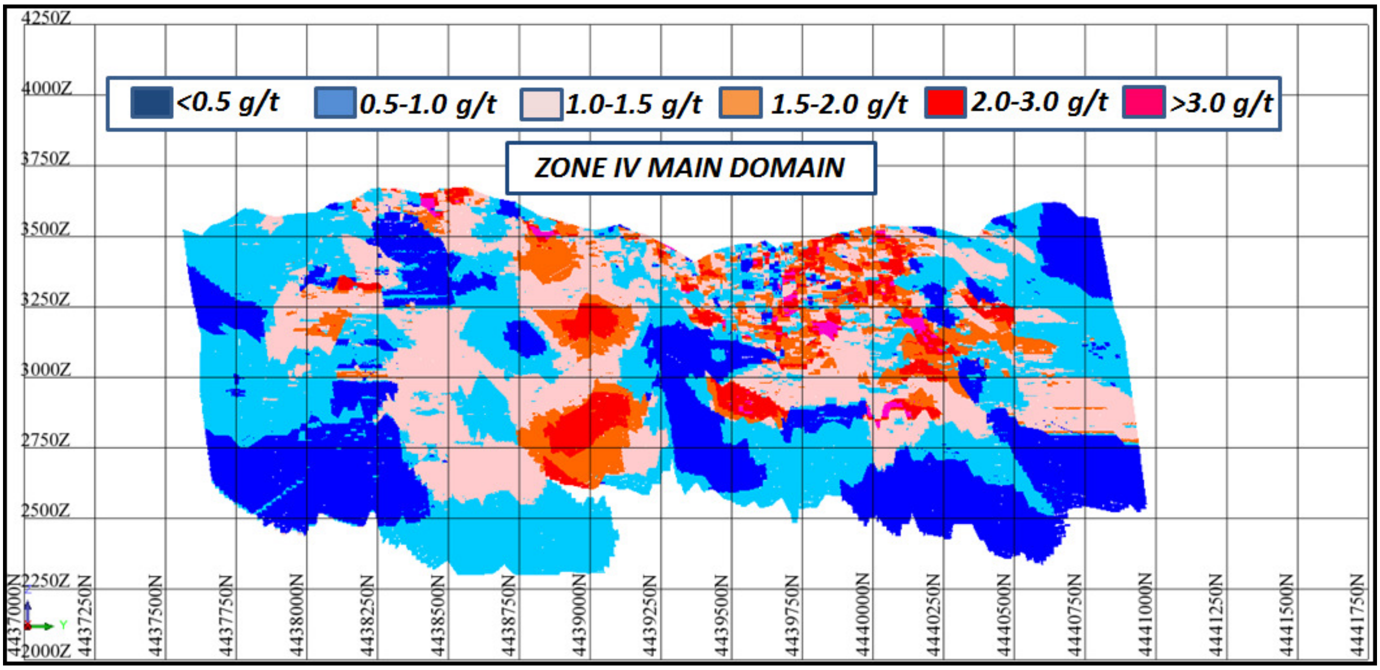


Figure 12-14: Resource Blocks – West IV Domain All Blocks

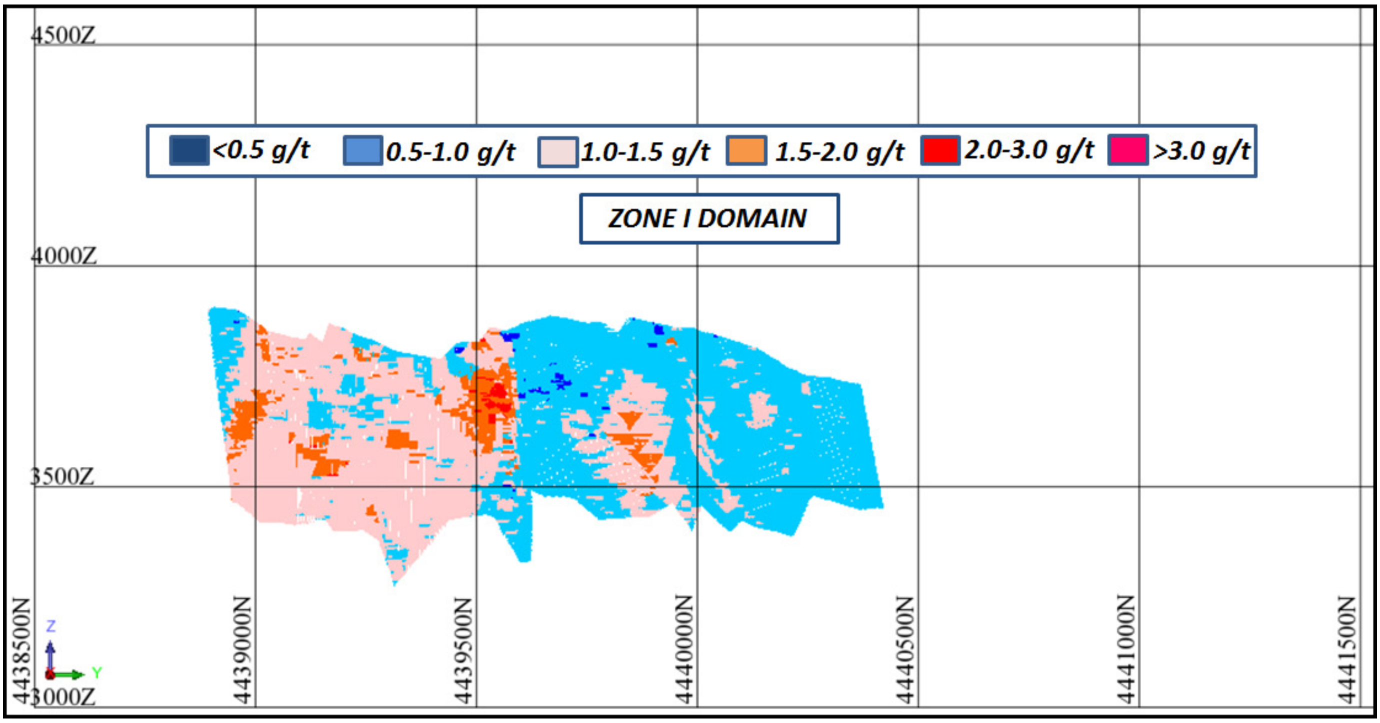


Figure 12-15: Resource Blocks – East I Domain All Blocks

12.14 Grade Tonnage Curve

A Grade tonnage curve was created for Au ppm in relation to selected Au ppm cut off ranges. This curve is shown below. What is clear from the curve is that the total resource tonnes drop significantly above 1 g/t Au, this is an indication of the overall gold grade distribution within the deposit at the Sawayaerdun project.

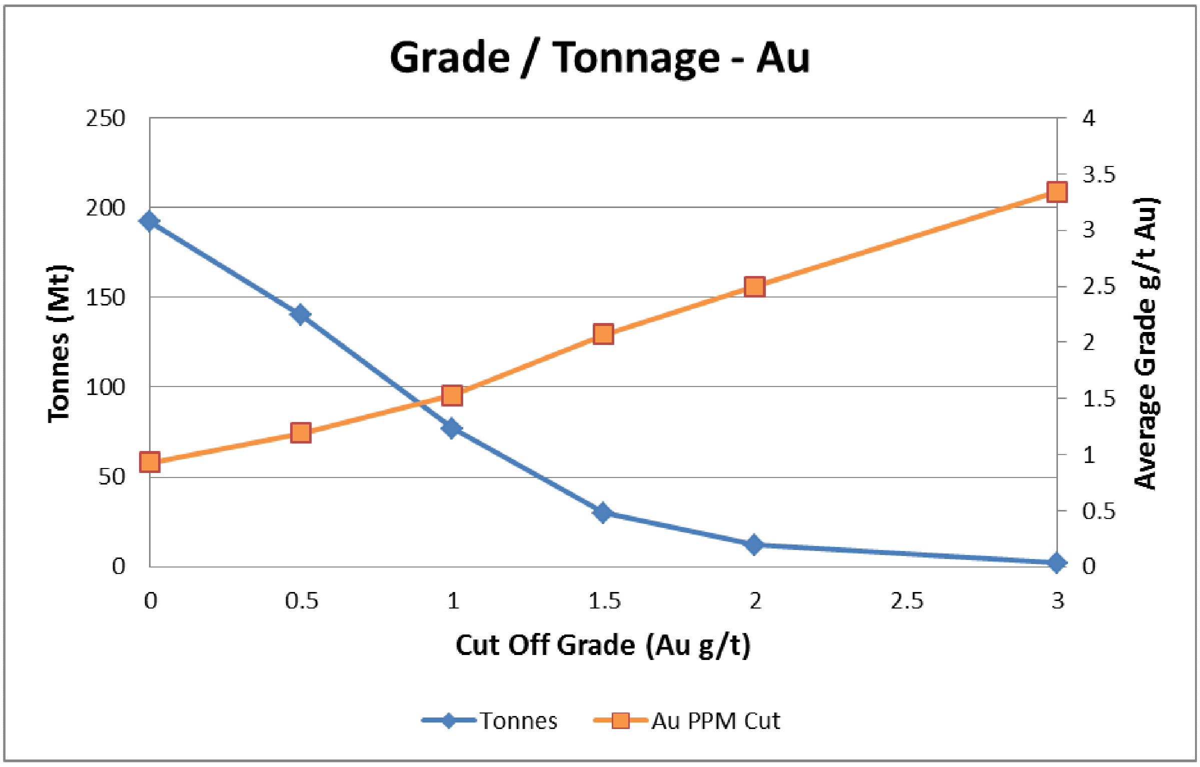


Figure 12-16: Gold Grade / Tonnage Curve

13 RESOURCE MODEL VALIDATION

13.1 Wireframe vs Block Model Volume Check

A volume was calculated for the Zone IV main zone wireframe to allow comparisons to made with the volume of the blocks coded to this wireframe. All blocks constrained within the wireframe were selected. Results are shown in Table 13-1.

Table 13-1: Wireframe vs Block Model Volume Check

Wireframe Volume	Block Model Volume	Variance
60,198,828 m^3	58,792,452 m^3	<2%

The results show a good correlation between the two volumes, this confirms that the model has been coded correctly using the mineralization domain wireframe as a constraint. The small variance is generally caused by the resolution of the blocks on the contacts of the modeled domain.

13.2 Composite Assays vs Block Grades

Given the estimate is based on the composite file containing assay data for gold an additional validation check is to compare the global average block grades with the average composite values for each metal. Typically there will be some variance given the estimation techniques used and search parameters used, values should be comparable however. The comparison results are shown in Table 13-2.

Table 13-2: Composite Values vs Global Block Grades (M+I)

Metal	Ave Composite Grade	Ave Block Grade
Au (g/t)	1.35 g/t Au	1.28 g/t Au

The results of this comparison indicate that the estimate has not overestimated high grade blocks within the resource area, the global comparison of grades shows an acceptable correlation.

13.3 Visual Checking of Block Grades vs Raw Assay Data

The block model was checked visually within the Surpac section viewer to compare the block grades with the raw drillhole assay grades. After taking into account of off section assays and the assays that fall on each section the model is assessed as being representative of the raw assay dataset. An example of a section is shown in Figure 13-1 below.

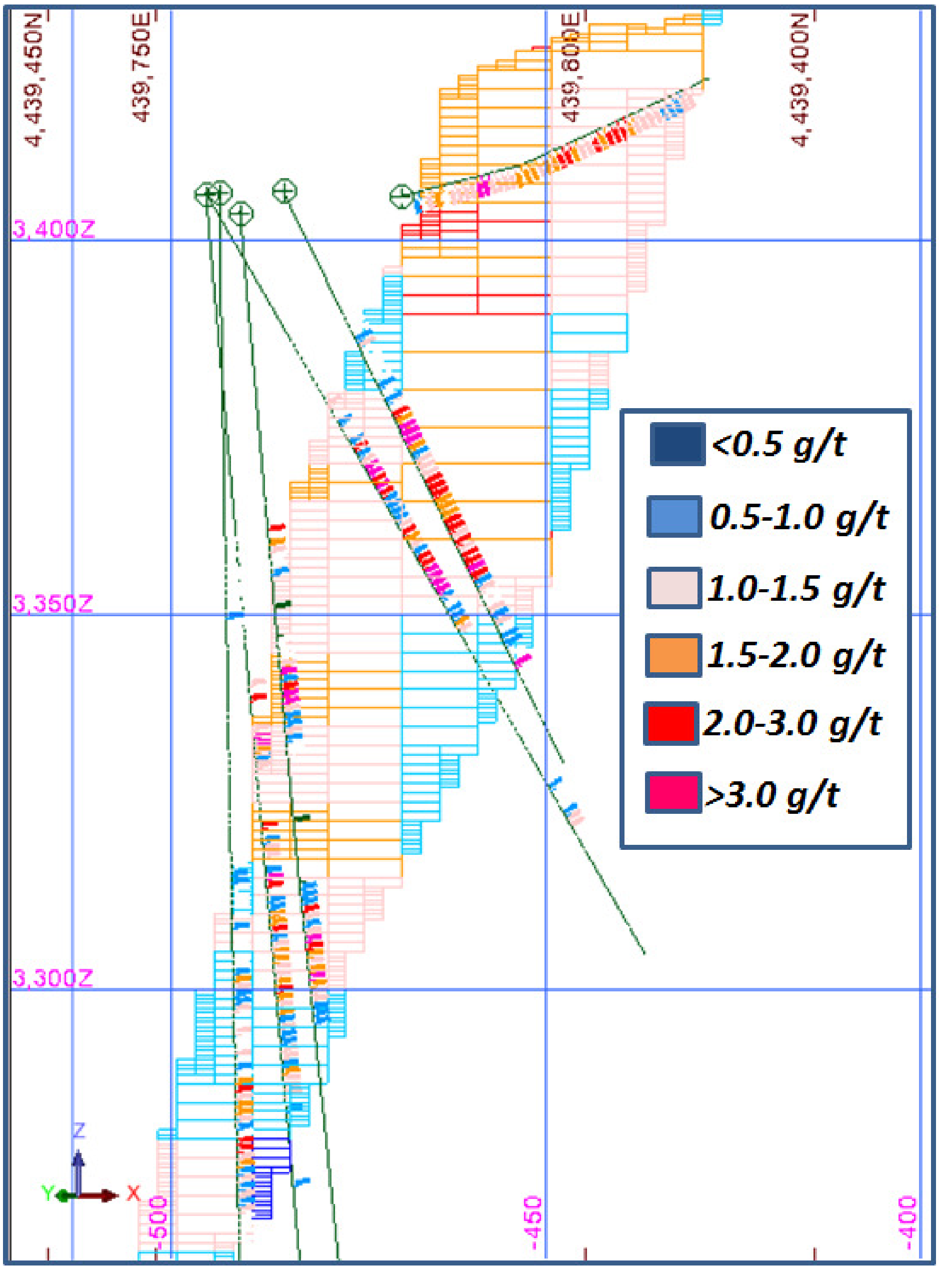


Figure 13-1: Validation Section +/-20m

13.4 Spatial Comparison of Composite Values vs Block Grades

Checks were also completed by comparing the grade distribution of the composite file against the block model grades by elevation within the model. Results of the comparisons the gold values are shown below.

The results indicate that the grade distributions match in so far as the overall peaks and troughs of metal grades are coincident, the smoothing effect of the grade estimation process will always produce a result with less resolution than the raw composite data however as seen in the graphs the overall correlation is high. This confirms that the estimation process has produced a realistic representation of the raw composite grade data within the model.

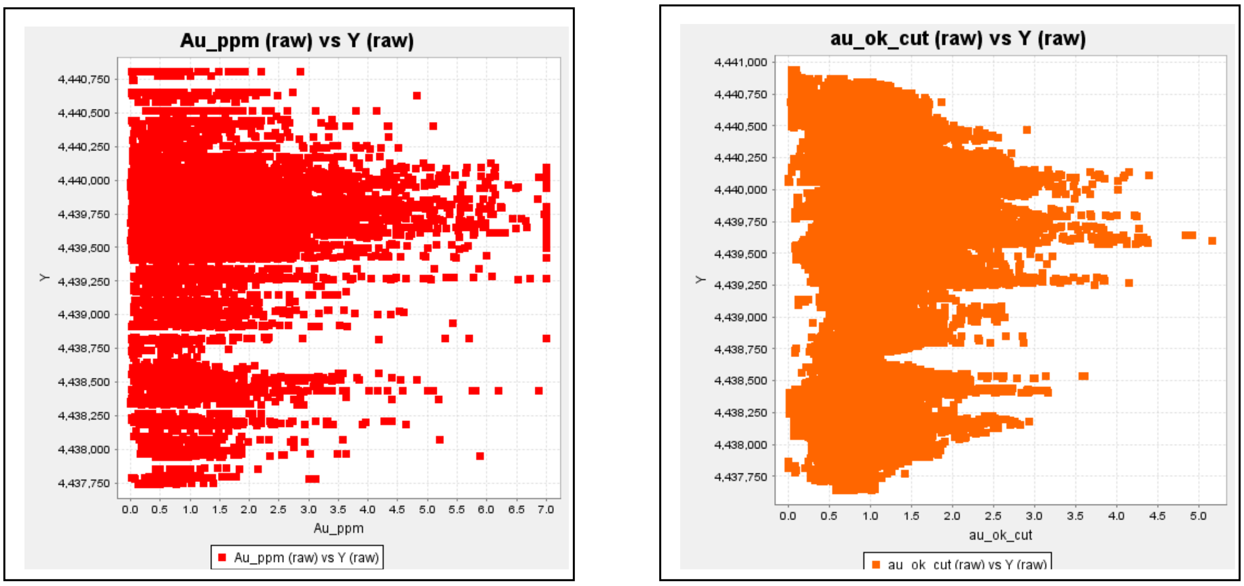


Figure 13-2: Composite Values (cut) vs Block Grades by Northing

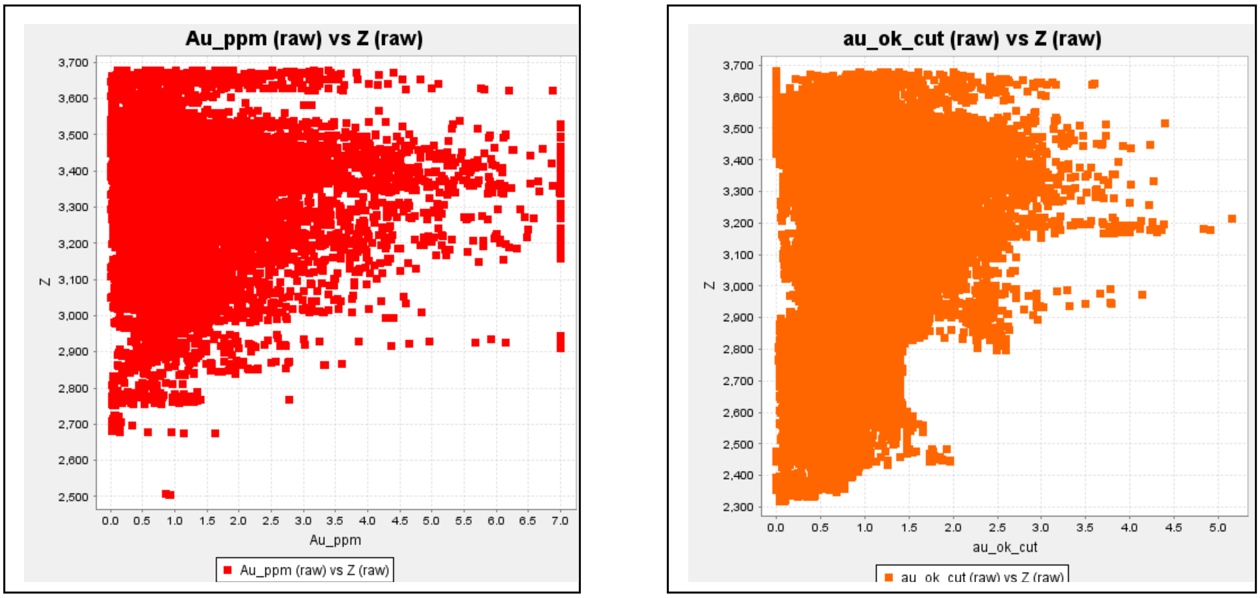


Figure 13-3: Composite Values (cut) vs Block Grades by RL

14 RESOURCE UPSIDE & EXPLORATION POTENTIAL

14.1 Resource Upside Targets

The Zone IV main and Zone I mineralized domains are both open and depth and are constrained by drill coverage. Potential to the expand the resource along strike also exists however drill results at the strike extents of the zones appear to be of a lower grade than the main deposit area. The main risk with testing depth extensions to the main zone is that the thickness and grade of the mineralization is decreasing with depth within the Zone IV main domain. The style of mineralization could lead to a repeat of the thickness seen near surface however the depth at which this could occur is unknown.

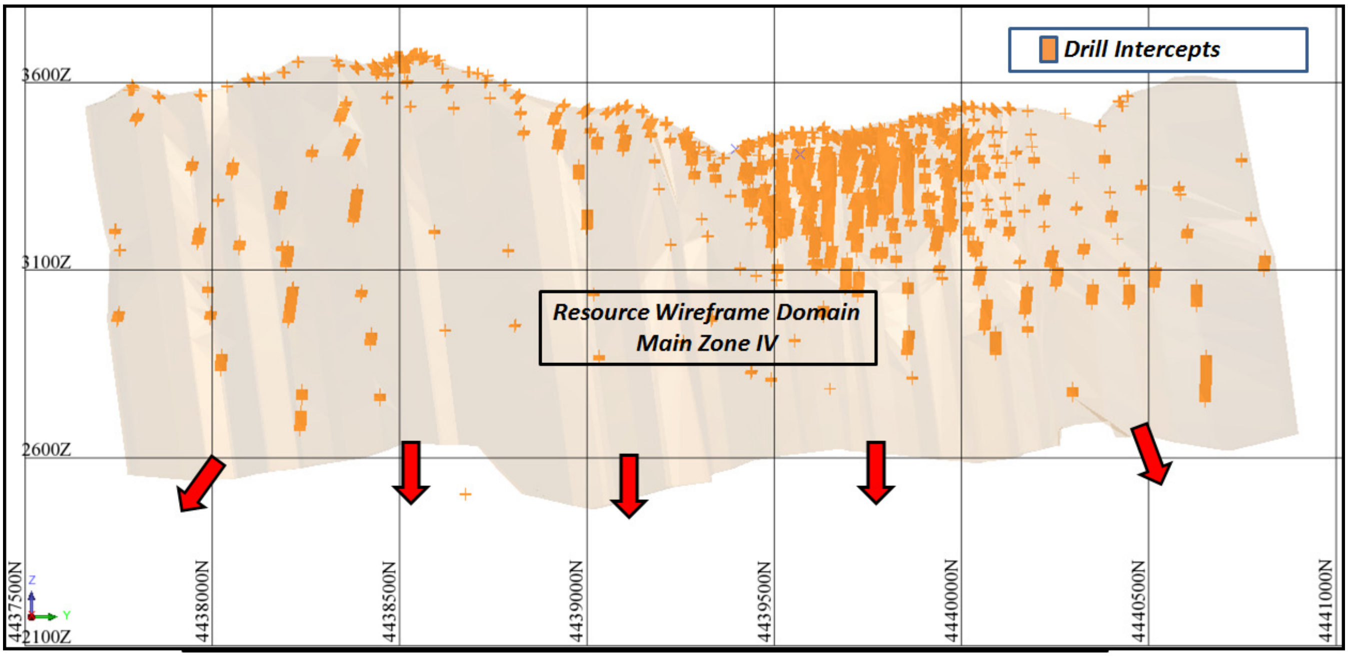


Figure 14-1: Sawayaerdun Project Zone IV Main Resource Upside Potential

14.2 Exploration Potential Targets

Apart from Zone I and Zone IV there are repeat sub-parallel zones that have been identified in the project area, several of these are shown in Figure 14-2. The results returned to date from these sub-parallel zones do not show increased gold grades over those so far defined within Zone I and Zone IV. Unless an exploration target shows the potential to contain higher grades than the current resources it is unlikely that new targets would add value to the project.

Mining One recommend that funding be directed toward establishing an assessment of the economics of mining the current resources rather than expenditure for new exploration programs within the current project area.

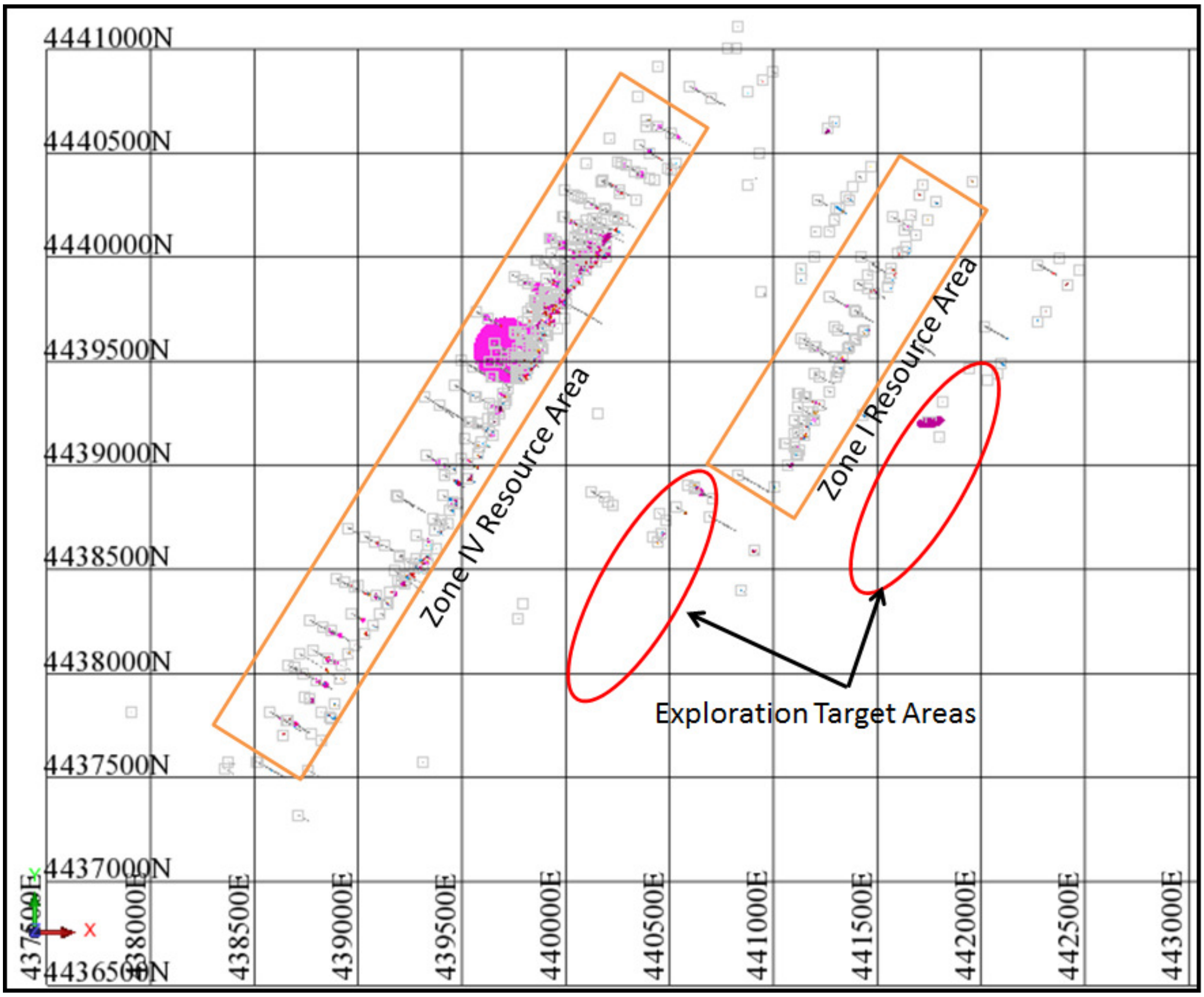


Figure 14-2: Sawayaerdun Project Exploration Upside Potential

15 MINERAL PROCESSING AND METALLURGICAL TESTING

15.1 Metallurgical Overview

Mining One has not completed a detailed review of the projects metallurgical aspects and provides the following information as a summary of previous work completed. The metallurgical processing method needs to consider that the majority of the Sawayaerdun gold mineralization is contained within the pyrite crystal lattice. Having identified this testwork has been carried out since 2010 to establish the optimal processing function.

15.2 Metallurgical Testwork

The 2010 testwork program included taking an approximately 500kg sample from a series of drill holes that passed through the Zone IV mineralized domain. Samples were selected from interval averaging greater than 1.5 g/t Au. The samples selected for this phase of testwork are shown in Table 15-1 below, this information was sourced directly from the RPA 2014 NI43-101 report.

Table 15-1: 2010 Metallurgical Testwork Samples

Hole ID	Apparent Thickness (m)	Sample Grade Au g/t		Hole ID	Apparent Thickness (m)	Sample Grade Au g/t
ZK5101	11.24	1.16		ZK1903	34.03	3.84
ZK5103	9.58	1.75		ZK1503	42.35	1.63
ZK4701	8.79	1.34		ZK1505	25.6	1.90
ZK4703	25	2.5		ZK1101	10.6	1.23
ZK4704	10	3.4		ZK1103	10	1.98
ZK4706	12.74	2.48		ZK1107	27.7	1.89
ZK4303	10	2.4		ZK1111	87.5	3.53
ZK3903	21	1.38		ZK0702	11.52	2.28
ZK3905	60.17	3.34		ZK0704	21	1.43
ZK3503	22.46	1.69		ZK0302	22	1.68
ZK3105	11.26	1.73		ZK0004	16	1.26
ZK2703	94.45	2.67		ZK2305	10	1.72
ZK2303	53.49	2.58				
Average Bulk Sample Au g/t = 2.54						

In 2011 approximately 650kg of low grade sample was also sent to the Xinjiang Bureau of Geology and Mineral Resources Research Centre for metallurgical testwork. As the 2014 NI43-101 report states no results are available for this phase of work however the average grade of this bulk sample was 1.59 g/t Au.

The results of the testwork completed on the composite sample derived from the material summarized in Table 15-1 are shown in Table 15-2 below.

Table 15-2: Metallurgical Testwork Results – 2010 Composite Sample

Process	Recovery % (Leaching Rate)		Recovery % (Compared to Raw Material)	
	Au	Ag	Au	Ag
Raw Ore Floatation	90.46	41.61	90.46	41.61
Floating Concentrate Roasting	88.42	68.04	79.98	28.31
Cyanide Leaching Floatation Tailings 2 Cyanide Leaching	67.37	39.78	2.39	5.2
Whole Process of Total Recovery	-	-	82.37	33.51

The concentrate produced during the metallurgical testwork comprised the mineral characteristics as shown in Table 15-3 below.

Table 15-3: Concentrate Specifications from Testwork

Metal	Grade		Impurity	Grade
Au	20.55 g/t		As	9.01%
Ag	40.70 g/t		Sb	0.55%
Cu	0.09%		SiO_2	12.98%
Pb	0.25%		Al_2O_3	5.49%
Zn	0.13%		CaO	0.77%
			MgO	0.38%

15.3 Metallurgical Conclusions

The metallurgical testwork results indicate that a processing route involving floatation, cyanide roasting and cyanide leaching delivers an estimated total recovery of 82.37% for gold and 33.51% for silver. Lower grade ore can be recovered using two stage roughing and mid ore re-grinding to obtain gold and silver recoveries of 85.85% and 74.16% respectively.

16 OTHER RELEVANT DATA AND INFORMATION

16.1 Other Data

The reports used as outlined in the references to this report in conjunction with the site visit and Mining One's knowledge of the project is deemed to include all relevant technical information to enable reporting of NI43-101 compliant resources.

No other data is known that would have a material impact on the outcome of the resource estimate in relation to the Sawayaerdun Gold Project.

16.2 Project Risks

The project risks are assessed as technical aspects that have the potential to have a material impact on the resource estimate and or the ability to convert the current resources into future reserves. These risks are summarized in Table 16-1 below. Some of these risks match those as mentioned in the 2014 RPM NI43-101 resource report.

Table 16-1: Sawayaerdun Project Risks

Technical Aspect	Strategy	Risk Profile	Comment
Mining Study	Complete a mining study to determine if the currently defined resource is economic	**HIGH**	A strong economic case needs to be formed. The average resource grade is low for an underground mining operation, the overall metallurgical recoveries will also impact the project economics. Although the deposit has "reasonable prospects of eventual economic extraction" this needs to be confirmed
Ore Characteristics	Routine sampling should be completed for Ag, As, S, Fe and Sb.	**MOD**	To enable a consistent specification concentrate to be produced we need to know the content of elements that are unfavorable in a concentrate. Blended of high arsenic grade material may be required for example. These elements should be included in the block model.
Bulk Density	Additional bulk density samples should be taken	**LOW**	Better definition is required to determine internal variability of density values within the deposit.
QAQC	A more complete site based QAQC program is recommended.	**LOW**	Routine standards, blanks and duplicates should be included during the site sampling phase.

16.3 Recommendations

Mining One make the following recommendations in relation to future work at the Sawayaeredun Gold Project:

- A mining study needs to be completed as soon as possible to confirm the economic parameters of the project. This needs to be confirmed.
- Mining One recommends that all capital intensive exploration drilling and sampling be deferred until the economic parameters for the project are known. There seems to be limited benefit from adding more resources at the same grade currently.
- Elements such as As, Sb, S, Fe and Ag need to be routinely assayed for and included in the resource database, it is recommended that if an economic case for development of the project is established a program of pulp re-analysis be completed to cover these elements. Once this data is available these elements should then be estimated into the block model. This will assist with highlighted areas within the resource where for example arsenic grade may be higher and thus impacting on the production of a concentrate that meets required specifications. Blended of ore sources may be required to maintain an acceptable concentrate specification.
- Additional bulk density measurements should be taken covering all rock types within the deposit. Once a sufficient spread of samples is available then it is recommended that density values be estimated into the block model rather than one average value be assigned for all blocks. This will allow for better definition of internal density variability within the mineralized domains and therefore a more accurate estimate of resource tonnages.
- Mining One also recommends that a more rigorous QAQC program be implemented for all future drilling and trenching programs. This will ensure that all future work is fully compliant with both the JORC and NI43-101 standards for QAQC support of sampling databases.

17 REFERENCES

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"Independent Technical Report and Mineral Resource Estimate for the Sawayaerdun Gold Project, Xinjiang Uygur Autonomous Region, People's Republic of China", NI43-101 Report

Runge Pincock Minarco, April 2014

"Independent Technical Report and Mineral Resource Estimate for the Sawyaerdun Gold Project, Xinjiang Uygur Autonomous Region, People's Republic of China, NI43-101 Resource Report"

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Hole_ID	Easting (Local m)	Northing (Local m)	Elevation (m)	Azimuth (Local)	Dip	EOH (m)
IZK2801	441112.172	4439282.937	3774.061	118	-56	172
IZK3201	441139.686	4439218.369	3827.165	118	-69	148.02
IZK3202	441099.323	4439221.933	3775.753	118	-61	180.18
IZK3601	441093.327	4439157.347	3777.061	118	-75	233.9
IZK3602	441094.353	4439156.829	3777.028	118	-65	160.01
IZK4003	441098.538	4439090.103	3813.449	118	-75	160.06
IZK6401	440612.504	4438892.185	3741.011	118	-65	100.02
IZK7201	440529.075	4438800.629	3727.059	118	-59	116.41
WXZK-5	439310.19	4438508.086	3668.913	298	-80	50.64
XIZK0731	441694.413	4439584.869	3986.638	118	-87	1241.62
ZK0306	439742.439	4439508.757	3404.562	118	-63	220
ZK0308	439739.998	4439511.034	3404.518	118	-78	281.48
ZK0708	439764.934	4439565.533	3407.96	118	-69	340.35
ZK1105	439779.325	4439625.039	3410.633	118	-54	180
ZK1106	439777.092	4439626.092	3410.59	118	-65	225.08
ZK11-1	439853.27	4439568.748	3456.819	118	-68	90
ZK11-2	439865.663	4439596.252	3455.802	118	-71	83.66
ZK11-3	439852.955	4439568.961	3456.631	118	-82	179.96
ZK11-4	439850.215	4439604.228	3453.115	118	-82	180
ZK1501	439874.065	4439642.544	3447.337	118	-69	120.1
ZK1502	439853.445	4439653.554	3444.306	118	-81	255.03
ZK1901	439902.718	4439695.261	3441.833	118	-68	79.96
ZK2706	439896.157	4439834.415	3419.38	118	-78	274.6
ZK27-1	439943.343	4439793.757	3450.114	118	-56	90
ZK2710	439850.777	4439858.663	3422.539	118	-70	180.1
ZK27-2	439947.174	4439824.487	3452.835	118	-56	100
ZK27-3	439935.645	4439797.837	3449.717	118	-85	190.03
ZK27-4	439946.662	4439824.775	3452.725	118	-75	160
ZK3108	439998.76	4439847.287	3477.277	118	-65	60
ZK3109	439986.557	4439854.888	3477.744	118	-84	170.1
ZK3501	440035.333	4439896.623	3496.805	118	-75	67.99
ZK3502	439973.925	4439929.085	3467.895	118	-81	250.02
ZK4301	440122.3	4439988.324	3521.521	118	-76	95.2
ZK43-1	440098.378	4439981.633	3511.16	118	-78	139.78
ZK43-2	440105.837	4440011.645	3512.051	118	-62	130.1
ZK43-3	440068.386	4439997.456	3495.23	118	-75	140.12
ZK43-4	440081.493	4440024.503	3497.681	118	-65	140.02
ZK43-5	440069.661	4439996.837	3495.317	118	-84	180
ZK43-6	440080.666	4440024.931	3497.683	118	-84	175
ZK5102	440150.729	4440106.816	3508.088	118	-61	95.9
ZK8410	438980.499	4438415.01	3553.164	118	-76	360