

## Resource and reserve estimates

### Resource estimate

This mineral resource estimate of the 100% owned Sekisovskoye deposit has been prepared under the JORC Code and is an update to the resource as reported in June 2006. Resources include reserves.

Location	Resource Category	Tonnes (millions)	Au g/t	Contained Metal Au oz *	Ag g/t	Contained Metal Ag oz *	Au g/t Cut-off
Open pit area	Indicated	9.55	1.8	552,671	3.0	921,119	0.5
	Inferred (b)	6.06	1.8	350,700	2.0	389,667	
Underground	Indicated	2.21	5.1	362,371	6.2	440,529	2.0
	Inferred (b)	7.16	5.2	1,197,036	7.1	1,634,415	
Marginal underground (a)	Indicated	3.40	0.7	76,519	1.4	153,037	0.5
	Inferred	0.96	0.6	18,519	1.2	37,038	
Totals	Indicated	15.16	2.0	991,561	3.1	1,514,685	
	Inferred	14.18	3.4	1,566,255	4.5	2,061,120	
<b>Total</b>	<b>Indicated &amp; Inferred</b>	<b>29.34</b>	<b>2.7</b>	<b>2,557,816</b>	<b>3.8</b>	<b>3,575,805</b>	

\*Troy oz = 31.10348 grams

(a) underground low grade material associated with high grade gold zones.

(b) includes resources that have been defined beyond the current limits of the grade model. Note: "Inferred" resources cannot be used for ore reserves until they have been upgraded.

The re-modeling of the open pit area, above the 250m level, has resulted in a slight increase in contained gold for the higher "indicated" category, but the lower "inferred" resource shows an 11 per cent drop in contained gold for the Sekisovskoye deposit as a whole, with higher grades but lower tonnage. The total net reduction in estimated contained gold is 6.7 per cent. Results from the recently completed underground drilling programme have provided a better understanding of the gold distribution, and this has resulted in a resource model that we believe will better reflect the actual geometry and continuity of mineralisation.

The previous model was based upon a more "open" delineation of the mineralisation, whereby larger tonnages and lower grade material were modeled, resulting in higher tonnages of "inferred" resource. This new model is much tighter with less low grade mineralisation, resulting in lower tonnages but higher grades. A total of 244 separate gold zones were delineated, indicating the complexity of this deposit. In practice, open pit mining is likely to encounter additional sources of gold. Drill-hole samples above the 0.5 grams per tonne cut-off level, but not in the model, imply that over 6 per cent of additional contained gold should be found within the planned pit.

## Resource and reserve estimates (continued)

### Resource estimate (continued)

In addition, resources in our new licence areas of Tserkovka, Feodulikha and Areas 4 & 5 contain former Soviet-based resources of C2 and P1 which are estimated to contain 740,000 ounces of gold. It is expected that some of these resources can be re-classified under the JORC Code after assessment of exploration drilling results.

### Reserve estimate

This ore reserve estimate of the Sekisovskoye deposit has been prepared under the JORC Code.

Location	Reserve Category	Tonnes (million)	Contained		Contained		Au g/t Cut-off
			Au g/t	Metal Au oz	Ag g/t	Metal Ag oz	
Open pit area	Probable	4.19	1.6	213,352	2.6	346,665	0.5
Underground	Probable	0.83	5.1	13,384	7.4	19,615	0.2
<b>Total</b>				<b>226,736</b>		<b>366,280</b>	

\*Troy oz = 31.10348 grams

The Sekisovskoye open pit ore reserve model is based on the ordinary kriging of the mineral resource model using a 0.5 grams per tonne cut-off, taking into consideration the expected dilution and losses. Whittle optimisations resulted in a pit shell containing 7.25 million tonnes of ore representing a conversion of 76 per cent of the indicated resource to probable reserve in this area. However, development of this pit shell would have resulted in the loss of the existing underground infrastructure and made the process of bringing the underground operation into production much more difficult and on a much longer timeframe. It has therefore been decided to leave the existing 320 level intact and access this level from a decline developed from outside the pit limit. This will allow the western ore bodies to be mined from underground concurrently with the open pit and other ore zones below the pit bottom at the 340 level, which might otherwise have been included in the open pit mine plan, to be mined from underground.

The resultant reserve estimate is calculated by applying mining costs, mining dilution (4 per cent) and recoveries (97.5 per cent) to that portion of the Indicated Resource falling entirely within the optimised open pit design. The area of this open pit reserve is contained within the mineral resource as reported above.

## Resource and reserve estimates (continued)

### Reserve estimate (continued)

The Sekisovskoye underground ore reserve has been determined from the mine design work carried out as a part of the approval of the General Resource Estimate by the Kazakh authorities using a 2.0 gram per tonne cut-off. The General Resource Estimate covered both the open pit resource and underground resource. Mine designs were therefore required for both the open pit and the underground areas. The underground design was carried out in detail on the resources from Elevation 340 up and in less detail in the lower areas. The design on some of the orebodies, notably Orebody 11, included stope design down to detailed stope blast ring design. This level of design and financial analysis has allowed for the ore tonnages in these orebodies to be classified as a probable reserve. It is anticipated that as further detailed design and financial evaluation is carried out on the indicated resources in these areas then these too will be convertible to reserves.

The underground reserve estimate is calculated by applying mining costs, mining dilution (8 per cent) and recoveries (96 per cent) to that portion of the Indicated Resource falling entirely within the stope design. The area of this underground reserve is contained within the underground mineral resource as reported above.

### Glossary of technical terms used

Grade	The tenor or concentration by weight of a metal in a mineral deposit or ore
Indicated Resource	A category of Mineral Resource of higher confidence than an Inferred Resource, the estimation of which is prescribed by the JORC Code. This is the minimum level of resource classification required for Ore Reserve estimation under the JORC Code.
Inferred Resource	A category of Mineral Resource the estimation of which is prescribed by the JORC Code. Inferred Resources cannot be used as a basis for Ore Reserve estimation.
JORC Code	Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (Joint Ore Reserves Committee). See <a href="http://www.jorc.org/main.php">www.jorc.org/main.php</a>
Kriging	A class of methods of estimating mathematically the distribution of a metal in three dimensions within the earth, together with the confidence of the estimate
Mineral Resource	An estimated tonnage and grade of mineralisation in the ground determined as prescribed by the JORC Code
Ore Reserve	That part of a Mineral Resource which can be demonstrated to be worked profitably when all modifying factors are taken into account.
Tonne	A metric tonne of 1000 kilograms

### Qualified Person

These resource and reserve estimates have been prepared by Roger Rhodes BSc, MSc, MIMMM, independent geological consultant with Computer Resource Services. He has over 35 years of relevant experience and is a qualified person for the purpose of reporting resources under the JORC Code and the AIM rules.