REPORT

On completed geological and geophysical work on the Claims Ural 1-25 (25 placer claims) UNLLT of Indian R.

Grant Number: P515675-515689,

Performed 10.07.2014 – 25.07.2014 by 47129 Yukon Inc.

2014

Dawson District

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Preliminary geological and geophysical work to assess the placer claims Ural 1-25 (25 placer claims) UNLLT of Indian R. Grant Number: P515675-515689, executed by 47129 Yukon Inc. in July 2014.

Registered owner is 47129 Yukon Inc.

Dawson District.

Goals and objectives of the preliminary geological and geophysical work:

The goal is the development of geological, technical and economic documentation for further commercial development of the placers.

The main tasks of geological work is to determine the depth and conditions of occurrence of deposits, the determination of its shape, size , depth of overburden and gold-bearing sands.

According to the results of last year's geological and geophysical work (work 2013) showed an uneven the specified parameters as a modern riverbed and on the terraces.

As the almost the entire placer is covered by permafrost - the only method to trace the direction and power of gold rocks - detailed geophysical work.

Geophysical work was carried out by the electromagnetic method (radar sounding) geophysical equipment «PYTON» with two antennas at 50 MHz and 100 MHz.

Different frequencies were used to achieve different effective probing depth.

In the data processing of field work to use specialized software.

This resulted in the radarogram (primary materials), which are subject to further interpretation as part of the subsequent cameral works.

According to the preliminary results of the geophysical survey, we can conclude about the extremely uneven dissemination of alluvial sediments and large variations in their capacity (from 1.0 to 5.0 m).

Border bedrock were traced according to preliminary results. Bedrock differ from alluvial sediments on the physical properties (dielectric constant) and, as a consequence - the nature of the wave pattern and a clear boundary of reflected electromagnetic waves.

For the purpose of verify the results geophysical surveys is supposed drilling.

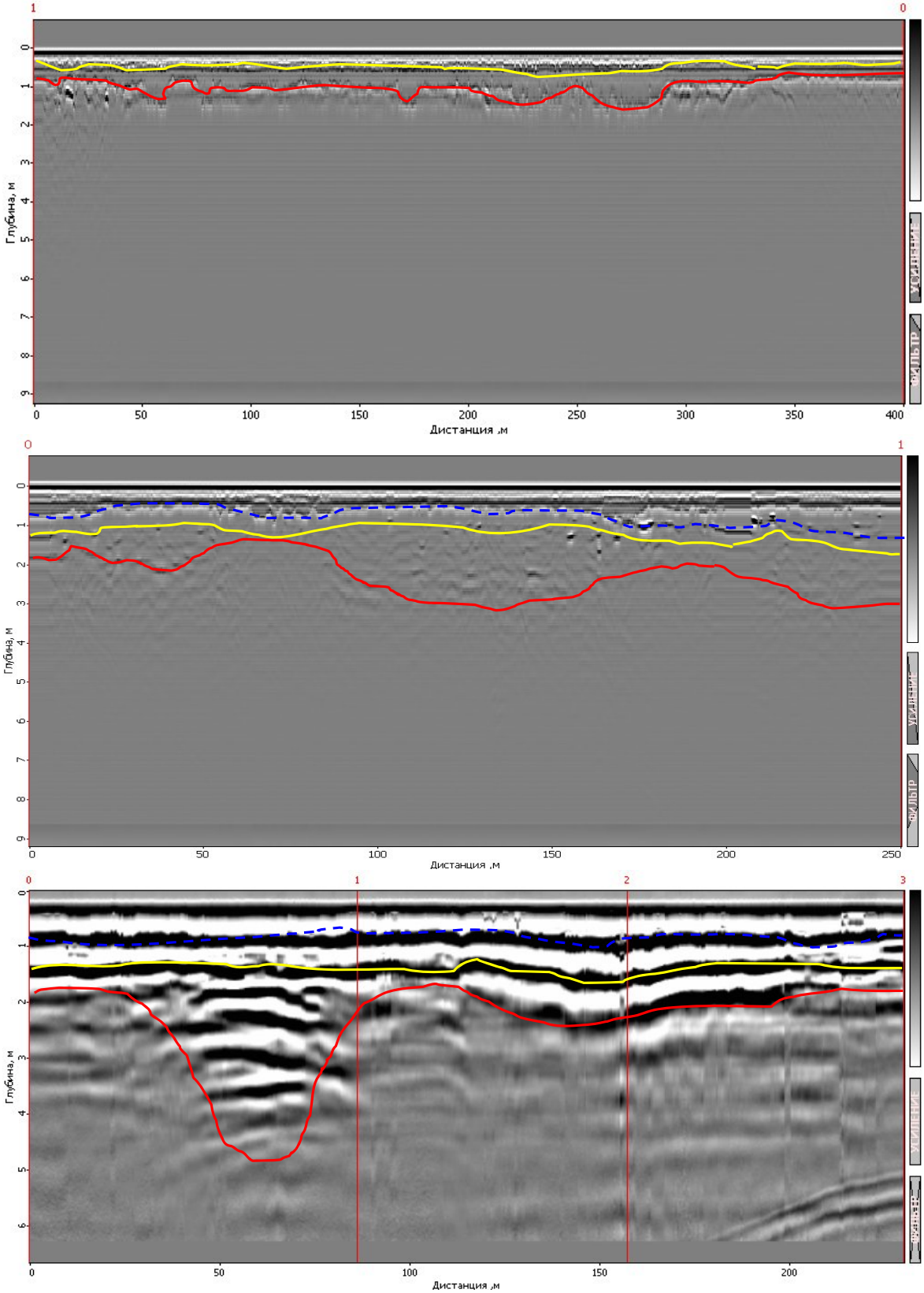
To refine placers this year were conducted electromagnetic geophysical survey method (radar probing) with the distance between geophysical lines 150-200 m Total 13,000 meters was performed geophysical lines.

Hand held shafts were made in the sides of alluvial deposits unaffected by permafrost.

At this stage of only are made the field work, analysis of the results of field work scheduled to be completed end of 2014.

Preliminary results for to some of geophysical lines shown in Figure 1 (Fig 1).

According to preliminary results of work in 2014 was done geological and economic evaluation placers (Table 1).



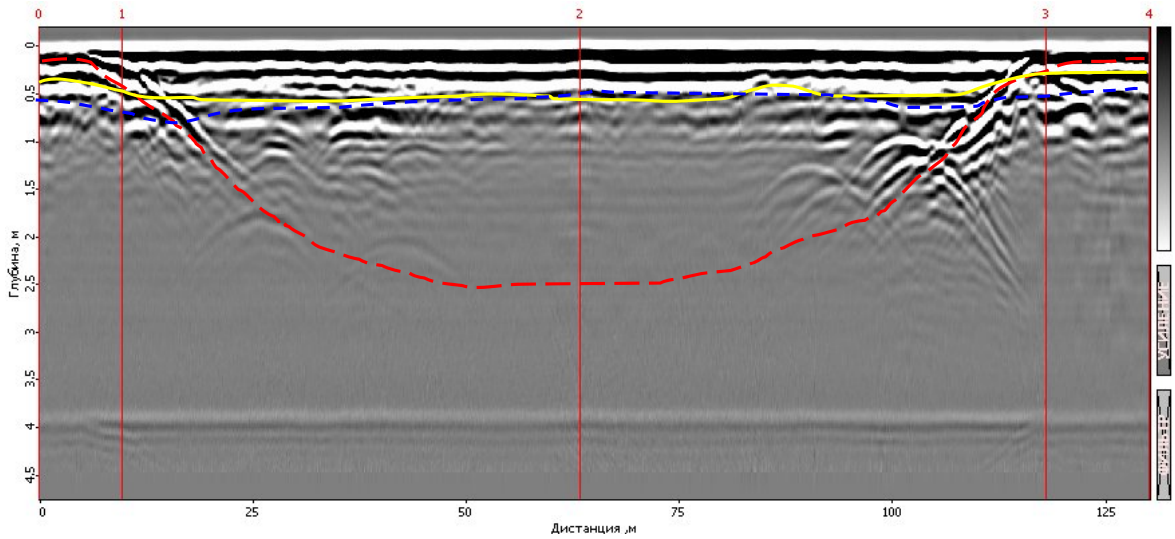


Fig. 1 Examples of radiograms

presumably permafrost

the upper limit of the producing formation

bedrock

Gold resource estimate as of 2013. 11. 28.

In September-November 2013 The exploration Grant Number: P515675-515689, Claims Ural 1-25 (25 placer claims) UNLLT of Indian R., made of gold and resource estimate executed economic evaluation.

Resource estimate placers Grant Number: P515675-515689, Claims Ural 1-25 (25 placer claims) UNLLT of Indian R. shown in the table (Table 1):

Placer resources estimated on the basis of the following parameters:

• Length - 2600 m;

• The average width of a modern the channel with paleoterrasami - 320 m;

• The average depth of the sands - 1.8 m;

• The average content of gold in the sands - 0.85 g / t;

• The reliability coefficient of the forecast - 0.8;

• Resources of gold placers Grant Number: P515675-515689, Claims Ural 1-25 (25 placer claims) UNLLT of Indian R., is 1020 kg.

Economic evaluation of resources as of 2013. 11. 28.

Technical and economic indicators to determine the value of industrial development Grant Namber: P515675-515689, Claims Ural 1-25 (25 placer claims) UNLLT of Indian R. shown in the table (Table 1).

Technical and economic indicators

calculated in software copyright Russian Institute for Economics of Mineral Resources (RIEMR) by the method.

Basic technical and economic indicators industrial development of based on parameters of placer deposits, with optimum performance the following businesses:

• Method of mining - excavator-hydromechanized;

• Duration of the season - **150 days**;

• The annual capacity of the Company on the sand - **200 000 m3** for of schlich gold in view of losses - **101.4 kg**, chemically pure gold in view of losses - **91.3 kg**;

• Enterprise construction period - **1 year**;

• Maximum total capital investment, including the annual working capital **($ 118,000)** is **$ 1,565,000**, specific capital investments of **$ 7.82/m3**;

• The payback period of capital investments when the gold price **$ 42 / g**, the optimal discount rate of 10% is **0.5 years**;

• Period of reserves - **8.8 years**;

• The total period of the development of placer - **9.8 years**;

• Maximum annual operating costs - **$ 703,000**;

• Minimum annual net profit - **$ 2.24 million**;

• The pure discounted income and profit at a discount rate of 10% would be $ 14 million and $ 9,808,032, respectively;

• IRR and profitability at a discount rate of 10% is 66% and 38%, respectively;

• Onboard the gold content (minimum industrial content Au) - **0.115 g/m3.**

Consequently based on the calculated technical and economic indicators when optimal performance of the enterprise and the value of gold $ 42 / g, 10% discount rate, the nominal value of this object (25 placer claims) can be estimated at $ 9,808,032.

Таблица 1

Technical and economic indicators (TEI) to determine the value of industrial development placers, as of 2013. 11. 28 (procedure VIEMS)							
	For excavator-hydromechanized method at an annual performance of 200 thousand m3 of sands						
	Analogue - TEI by Samenke mine "Uralalmaz" (2000) prices in 2013			**1 g of gold price of $ 42/g of 2013.10.15**			
№	indicators	symbol	units of measure	Option 1 - the basic (divided into of peat and sand)		Option 2 - uneconomic (without separation of of peat and sand)	
				tax not included	with taxes	tax not included	with taxes

	geological resources. Resources (without separation of of peat and sand)						
	Length industrial contour placer		м	2600		2600	
1	area of peats		thousand м^2	832		нет	
2	Average power "of peats"		м	1,90			
3	Volume "of peats"		thousand м^3	1580,80			
4	The average content of schlich gold in the "peats"		mg /м^3	11			
5	The average content of of chemical. pure gold in "peats"		mg /м^3	10			
6	resources schlich gold in the "peats"		kg	34,9			
7	Resources chemically pure gold in "peats"		kg	31,5			
8	area of sand		thousand м^2	832		832	
9	The average depth of the sands		м	1,80		3,70	
10	Discovered resources sands		thousand м^3	1497,6		3078,40	
11	The average content of schlich gold		mg /м^3	850		428	
12	The average content of chemically pure gold		mg /м^3	765		385,2	
13	Coefficient of pure gold			0,900		0,900	
14	schlich gold resources		kg	1273		1318	
15	Resources chemically pure gold		kg	1145.6		1185.8	
	industrial Resources						
	method of mining			Excavator-hydromechanized			
34	Operational losses during extraction 5.3	П	%	5,3		5,3	
35	Operational losses during extraction of sand		thousand м^3	79		163	
36	Operational loss of chemically pure gold during extraction		kg	47,8		48,7	
37	Chemically pure gold content in the losses sands		mg /м^3	605		299	
38	Diluting materials by volume of sand		thousand м^3	347		2,9	
41	Industrial resources of sands	Wпп	thousand м^3	1766		3122	
42	Placer gold resources		kg	954,8		969,1	
43	Resources of chemically pure gold		kg	859,3		872,2	
44	The average content of schlich gold		mg /м^3	541		310	
45	The average content of of chemically pure gold		mg /м^3	487		279	
46	**operational resources**						
	Gold recovery at enrichment		%	93,5		93,5	
47	Losses of schlich gold extraction during	Ио	кг	62,1		63	
48	Area of forest clearing		thousand м^2	1534		1534	
49	area of peats		thousand м^2	848		нет	
50	area of sand		thousand м^2	838		852	
51	The average depth of the sands		м	1.8		3,7	
52	Average thickness of peats		м	1.9		нет	
53	The volume of peats		thousand м^3	1439		нет	
54	Operational reserves of sands		thousand м^3	1766		3122	
55	Average operational stripping ratio	Wпэ	м^3/м^3	0,81		нет	
56	The average content of schlich gold		mg /м^3	505		290	
57	The average content of chemically pure gold		mg /м^3	455		261	
58	Operational reserves of schlich gold		kg	892,7		906,1	
59	Operational reserves of chemically pure gold		kg	803,0		815,0	
	The annual capacity of the Company						

	- Peat	Ат	thousand м^3	200,0			
	- On the sands	Ап	thousand м^3	200			
	- On the rock mass (sand + peat)	Агм	thousand м^3	400		200	
	- For of schlich gold for the recovery	Аз	kg	101,4		58,1	
	- On chemically pure gold for the recovery	Аз	kg	91,3		52,2	
39	length of the season		days	150		150	
40	Period of reserves	tэ	years	8,8		15,6	
41	Enterprise construction period	tc	years	1		1	
42	The total period of the development of placer	tc+tэ	years	9,8		16,6	
43	1 gram of gold price of $ 42 / g per g 2013.11.15	Ц	$	42		42	
44	The annual cost of commodity products	Сг	thousand $	3834,60		2192,40	
46	Annual operating costs of internal	Зцех	thousand $	669,18		441,49	
47	Annual costs (1% of internal costs)	Згоп	thousand $	6,69		4,41	
48	Annual the operational costs for exploration (3% of internal costs)	Згэр	thousand $	20,08		13,24	
49	Annual external costs (1% of internal costs)	Згвр	thousand $	6,69		4,41	
50	Annual final operating costs	Зг	thousand $	702,64		463,55	
51	Unit operating costs per 1 m3 of sands	Згуд	$	3,51		2,32	
52	Taxes, fees and contributions to operating costs	Нэ	thousand $		62,87		160,37
53	Annual eksplozatraty with payments	Зг+Нэ	thousand $		765,51		623,92
54	amortization	Ао	thousand $	94,20		35,06	
55	annual income	Дг	thousand $	3131,96		1728,85	
56	Annual income without depreciation and amortization expenses	Дг1	thousand $	3226,16		1763,91	
57	Annual gross profit	Пг	thousand $		3069,09		1568,48
58	Income tax (24% of Pg)	Нп	thousand $		736,58		376,44
	Taxes and fees, repayable from taxable profits		thousand $		92,15		52,23
59	**Pure annual profit**	**Пч**	**thousand $**		**2240,36**		**1139,81**
60	Net profit excluding depreciation in the costs	Пч1	thousand $		2334,56		1174,87
62	Capital investments in the fund industry	Кпр	thousand $	829,00		546,94	
63	Capex in the non-industrial assets (4% of industrial assets + expenses)	Кнепр	thousand $	618,29		1507,01	
64	Capital investments in fixed assets	Коф	thousand $	1447,29		2053,95	
65	Working capital (16.7% of the annual operating costs)	Кобор	thousand $	117,34		77,41	
66	**Total capital investments**	**Кобщ**	**thousand $**	**1564,63**		**2131,36**	
67	**Specific capital investments**	**Куобщ**	**$/м^3**	**7,82**		**10,66**	
68	**Payback period of capital investment at E = 10%**	**То**	**years**	**0,5**	**0,7**	**1,4**	**2,1**
69	Payback period of capital investment at E = 15%	То	years	0,5	0,8	1,4	2,3
	Payback period of capital investment at E = IRR%		years	0,8	0,9	2,8	3,4
70	Efficiency ratio of investment	Кэф	$/$	2,06	1,49	0,83	0,55
73	**The pure discounted income and profit (at E = 10%)**	**10**	**thousand $**	**14409,87**	**9808,32**	**10473,47**	**6328,98**
74	The pure discounted income and profit (at E = 15%)	15	thousand $	11089,48	7432,14	7215,75	4186,90
75	The pure discounted income and profit (at E = 20%)	20	thousand $	8686,85	5718,72	5146,16	2834,77
76	The pure discounted income and profit (at E = 25%)	25	thousand $	6903,47	4450,67	3766,56	1939,36
77	The pure discounted income and profit (at E = 30%)	30	thousand $	5553,91	3495,20	2807,81	
78	The pure discounted income and profit (at E = 35%)	35	thousand $	4516,34	2763,46	2119,59	
79	The pure discounted income and profit (at	40	thousand $	3702,15	2192,67	1610,92	

	E = 40%)						
80	The pure discounted income and profit (at E = 45%)	45	thousand $	3054,77		1224,62	
82	Yield indices ID and profitability IP (at E = 10%)	ИП		7,43	5,38	6,41	4,27
83	Yield indices ID and profitability IP (at E = 15%)	ИД,ИП		6,17	4,47	4,89	3,26
84	Yield indices ID and profitability IP (at E = 20%)	ИД,ИП		5,23	3,79	3,90	2,60
	Yield indices ID and profitability IP (at E = 25%)	ИД,ИП		4,50	3,26	3,21	2,14
85	**Internal rate of return**	**IRR**	**%**	**62,74**	**36,69**	**60,85**	**35,83**
87	Profitability to prime cost	Рэ	%	445,70	318,8	373,00	245,9
88	Profitability to productive assets	Рф	%	127,1	90,9	81,1	53,5
	Selling expenses for the delivery of of the metal, refining of gold and percentages on bank loans (2.25% of Cr)		thousand $		86,28		49,33
	Income tax (24% of Pg)	Нп	thousand $		460,36		376,44
92	Coefficients and their values taken in the calculation of indicators to assess						
	rate of discounting	**E**	**%**		**10**		**10**
	Gold recovery at enrichment				0,935		0,935
93	Cost of production and processing of 1 m3 of sands		$/м^3	3,51	3,83	2,32	3,12
94	Production cost one gram of gold		$/g	7,70	8,38	8,88	11,95

2014. 07. 26.

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Summary of Boris Logutov

Perm State University, Department of Geophysics, 1984-1989 year,

Specialty - engineer geologist-geophysicist;

Perm Polytechnic Institute, Department of Economics and Management, 1991-1993 g,

Specialty - economist-manager;

Work as an engineer geologist-geophysicist - from 1988 to the present.

Explored deposits of (experience of work):

Chrome ore (Perm, Russia);

Placer gold (Perm Territory, Russia, Yukon, Canada);

Gold ore (Perm, Orenburg region, Russia);

Placers diamonds (Perm, Russia);

Ore diamonds (Arkhangelsk Region, Russia, Northwest Territories, Canada);

Copper ore (Orenburg region, Russia).

Boris Logutov

05.08.2014 r.