



## I. Executive Summary

PT. Gunung Damavand Persada (GDP) is a junior mineral exploration and exploitation company focused on minerals commodity based in Jakarta. It was set up in 2002 and currently holding a gold mining license through Joint Venture with our local partner, which is village cooperatives in Tanoyan, KUD Perintis. The Mining Authorisation IUP concession area of 100 Ha, located in Lolayan sub-district, Bolaang Mongondow district, North Sulawesi province. Approximately 15 Km close to the regional city of Kotamobagu, and 250 Km from the capital city of Manado.

Tanoyan is located in the northern arm of Sulawesi Island, a highly prospective terrain for epithermal gold mineralisation with a number of significant gold deposits, for its inferred resources estimated around 3 M Ton at 9.3 g/t gold using a cut-off grade of 2 g/t, containing an estimated 590,341 ounces of gold. Besides its hard rock material, Tanoyan is furnished with gold tailings from artisanal miners for 1 M Ton at average 1.0 g/t gold, containing an estimated 32,150 ounces of gold. Thus the total of gold of Tanoyan claim is about 622,491 ounces of gold. Furthermore our claim location surrounded by some big mining companies like PT. Arafura Mandiri Semangat (acquired by Reliance. Ltd) on our right and PT. Avocet Mining Services on our left.

## II. Objectives

GDP has been controlled by a small group of individual shareholders from Indonesia and Malaysia since its establishment. Combining the technical and investment expertise makes them understand fully how to get the gold out of the earth crust. Every division lead by the professionals based on their background.



Its local partner on the other hand has the Mining Authority IUP license of production, No. 129, and year 2012 with 100 Ha mining area. There are no other license required to mine the area. In Indonesia, an IUP does not give its holder the land right, thus GDP hand-in-hand with KUD Perintis, have obtained of its mineable land from the local land holders. GDP and KUD have been working on the community development as well to smoothen the process.

With an estimation of resources that Tanoyan area have, GDP are planning to jumpstart its mining operation is seeking US\$ 5 Milllion as debt or equity for its first phase investment placement. In the first phase GDP will go further on the exploration, and simultaneously start digging for gold getting operation, which include hiring mining expertise and management, buying heavy equipment, etc. Focusing on running as many as 15,000 Ton of 2014 year (@ US\$ 1258/Oz) GDP is planning to go BEP by the first month of 2015 (it will produce US\$ 5.7 Million).

GDP strives to become one of the biggest Indonesian gold producer applying international standards and management. It will utilize cutting edge technology to help its operation to run as efficiently as possible. With its 590,341 ounces of gold, it will not be that difficult to expand and acquire for another hard-rock mine in the near future.

### III. Gold Market Analysis

#### A. Is Investing in gold regarded as a reasonable investment strategy

GDP believe Gold is headed higher in the medium term and the long term. There will still be a lot of volatility at play during the short term, but gold will continue its uptrend of the last 13 years. It is highly speculative to bank on near-term appreciation in value. That approach can be incredibly frustrating when the price is volatile. But the



long-term perspective is a different matter. Gold is *always* going to have an intrinsic value.

Think about the big selloff in paper gold last year. People were lining up to buy physical gold as investors were dumping exchange-traded funds and paper gold on the market. But central banks are still net buyers of gold. China is emerging as the biggest buyer at both the consumer and the central bank level. Gold has been the mainstay of financial systems for more than 5,000 years!

### B. Relationship between Physical Gold and Paper Gold

At one level, the pricing is identical because paper gold matches the physical gold pricing. But, these two forms of yellow metal ownership are held by very different groups of people. Paper gold, especially over the last few years, has been primarily held by North American short-term speculators. Physical gold is more of a long-term holding. Europeans who are concerned about the long-term viability of euro-denominated assets are holding on to physical gold as a store of wealth, as protection. China is now vying with India as the largest market for physical gold.

### C. Long- and Short-term gold cycles

Predicting the gold cycles is challenging because so many interrelated factors influence the movement of gold prices. To a very large extent, the short-term price moves are emotional—driven by news, by headlines, by rumours and gossip. But even when one takes a medium- or a longer-term perspective, there are still huge numbers of variables. It is very difficult to model gold. I consider taking ownership of bullion or



the paper equivalent of bullion as more of a speculation than a sure-fire investment—unless one considers gold to be a long-term store of wealth.

Every time the gold price runs up and then falls off, people say, "It's over for gold. This is no longer a viable commodity. It's a relic of the past." Then gold takes off again. Gold prices will always run in short- and long-term cycles.

### D. Gold as a true hedge against inflation

The short-term downswing in the gold market is largely driven by the emergence of a low inflation environment in the near term. And the outlook for inflation remains low to modest. There is no hint of runaway inflation in America or Europe. In Japan, interestingly, the rate of inflation is notching up at the low end, but that is where the Japanese bankers actually want to see a bit of corrective inflation.

Of course, in two, three or four years, the global status quo for gold prices could change quite dramatically. But hedging against inflation is not the only reason for owning gold as a store of value. It is also appropriate to protect wealth against nonfinancial or non-currency related factors. For example, a large part of the boom in gold ownership in China is tied to investors searching for hard assets as they exit the overheated real estate market.

## IV. Exploration

### A. Trenching



Trenches were excavated perpendicular to strike, exposing the quartz veins, individual samples were collected as rock chip samples, spanning one metre across the entire trench.

B. Rock Chipping

Breaking some outcrop rocks in the probe area

Below are the sample location that GDP has explored and shows its gold contain result as well as the thickness of the vein and its depth information. All QC samples are introduced before the bagged samples are trucked to PT Intertek Laboratory's sample preparation facility in Manado. Prepared samples are then couriered by PT Intertek to their analytical facility in Jakarta for 34 samples analysed

Sample Location and Lab Analysis Result

NO	Code Sample	North Latitude (N)	East Longitude (E)	Elev (M)	Vein Depth	Thickness (M)	Vein Code	Au Grade (Ppm)	No. of Sample	Information
1	MN 01	0° 36' 56,5"	124° 14' 38,4"	400	N 210' / 32'	± 6	Vein 1	10,6		TR
2	MN 02	0° 36' 54,2"	124° 14' 38,4"	406		± 6	Vein 1	0,48		QC
3	MN 03	0° 36' 43,2"	124° 14' 34,9"	389			Vein 1	13,80		TR
4	AG 1 (0-2,5 m)	0° 36' 36,4"	124° 14' 56,8"	364	N 190' / 62'	± 5	Vein 1	1,13	3 sample	TR
5	AG 1 (2,5-5,0 m)	0° 36' 36,4"	124° 14' 56,8"	364	N 190' / 62'	± 5		1,11		TR
6	AG 1 Well Rock	0° 36' 36,4"	124° 14' 56,8"	364	N 190' / 62'	± 5		0,87		TR
7	AG 2	0° 36' 34,9"	124° 14' 30,1"	379	N 30' / 80'	± 1,80	Vein 2	0,57	1 Sample	QC
8	AG 3	0° 36' 44,8"	124° 14' 40,9"	469	N 210' / 62'	± 0,90	Vein 16	6,86	1 Sample	TR
9	AG 4	0° 36' 47,7"	124° 14' 40,2"	515	N 233' / 30'	± 0,61	Vein 15	2,60	1 Sample	TR
10	AG 5	0° 36' 48,3"	124° 14' 39,2"	514	N 90' / 35'	± 0,60	Vein 8	3,54	1 Sample	TR
11	AG 6	0° 36' 49,6"	124° 14' 36,0"	517	N 69' / 19'	± 0,60	Vein 13	8,62	1 Sample	TR
12	AG 7	0° 36' 49,6"	124° 14' 40,0"	489	N 167' / 43'	± 0,30	Vein 8	0,07	1 Sample	TR
13	AG 8	0° 36' 44,7"	124° 14' 55,9"	432	N 286' / 36'	± 0,90	Vein 2	0,05	1 Sample	TR
14	AG 9	0° 36' 44,7"	124° 14' 55,9"	418	N 180' / 65'	± 5	Vein 1	0,20	1 Sample	QC
15	AG 10	0° 36' 54,0"	124° 14' 36,3"	584	N 172' / 68'	± 0,70	Vein 12	0,01	1 Sample	TR
16	AG 11	0° 36' 55,0"	124° 14' 38,6"	564	N 162' / 38'	± 1,20	Vein 12	1,56	1 Sample	TR
17	AG 12	0° 36' 57,0"	124° 14' 39,9"	583	N 170' /	± 0,52	Vein 8	0,63	1 Sample	TR
18	AG 13	0° 37' 00,7"	124° 14' 37,8"	639	N 170' /	± 0,70	Vein 8	11,8	1 Sample	TR
19	AG 14	0° 36' 49,3"	124° 14' 35,9"	569	N 194' / 54'	± 0,84	Vein 13	2,22	1 Sample	TR
20	AG 15	0° 37' 00,7"	124° 14' 37,8"	569	N 185' / 76'	± 0,40	Vein 13	0,38	1 Sample	TR
21	AG 16 A	0° 37' 00,4"	124° 14' 57,9"	418	N 292' / 62'	± 1,80	Vein 4	0,22	2 Sample	TR
22	AG 16 B	0° 37' 00,4"	124° 14' 57,9"	418	N 292' / 62'	± 1,80	Vein 4	0,05		TR
23	AG 17	0° 37' 04,0"	124° 14' 53,9"	430	N 204' / 33'	± 0,50	Vein 6	0,02	1 Sample	TR
24	AG 18	0° 36' 46,4"	124° 14' 44,5"	470	N 349' /	± 0,50	Vein 17	7,87	1 Sample	TR
25	AG 19	0° 36' 52,1"	124° 14' 54,5"	461	N 106' / 32'	± 0,90	Vein 3	0,04	1 Sample	TR
26	AG 20	0° 36' 53,8"	124° 14' 38,2"	561	N 122' / 43'	± 0,50	Vein 10	17,4	1 Sample	TR
27	AG 21	0° 36' 52,3"	124° 14' 37,4"	557	N 121' / 47'	± 0,70	Vein 11	0,38	1 Sample	TR
28	AG 22	0° 36' 50,7"	124° 14' 37,1"	531	N 213' / 39'	± 0,80	Vein 14	22,5	1 Sample	TR
29	AG 23	0° 36' 43,2"	124° 14' 54,9"	389			Vein 1	1,41	1 Sample	TR
30	AG 24	0° 36' 49,1"	124° 14' 59,9"	389			Vein 2	0,60	1 Sample	TR
31	AB4	0° 36' 54,2"	124° 14' 38,3"	404	N 255' / 80'	± 1,00	Vein 2	1,34	1 Sample	TR
32	AB 6	0° 36' 56,5"	124° 14' 58,8"	401	N 195' / 80'	± 3,00	Vein 1	3,83	1 Sample	TR
33	AB 7	0° 36' 57,9"	124° 14' 38,7"	403			Vein 1	0,57	1 Sample	TR
34	AB 11	0° 36' 43,3"	124° 14' 55,1"	388			Vein 1	1,04	1 Sample	TR

Table 1: Sample Location and Lab Analysis Report



### C. Drilling

GDP had rented some local Diamond drilling used a triple-tube core barrel, which is the accepted industry standard for maximising core recovery. In highly broken ground, drillers were instructed to decrease the core run length to minimise core loss, with some runs as short as 10 cm. Diamond core recovery was generally in the range 70% to 100% except in weathered, intensely fractured and broken zones. Average core recovery was 94%.

Below are some drilling point and the result of the drilling that has been done by the GDP and KUD, GDP are planning to do as 5000 more meters drilling in next year to get the estimated resources measured.

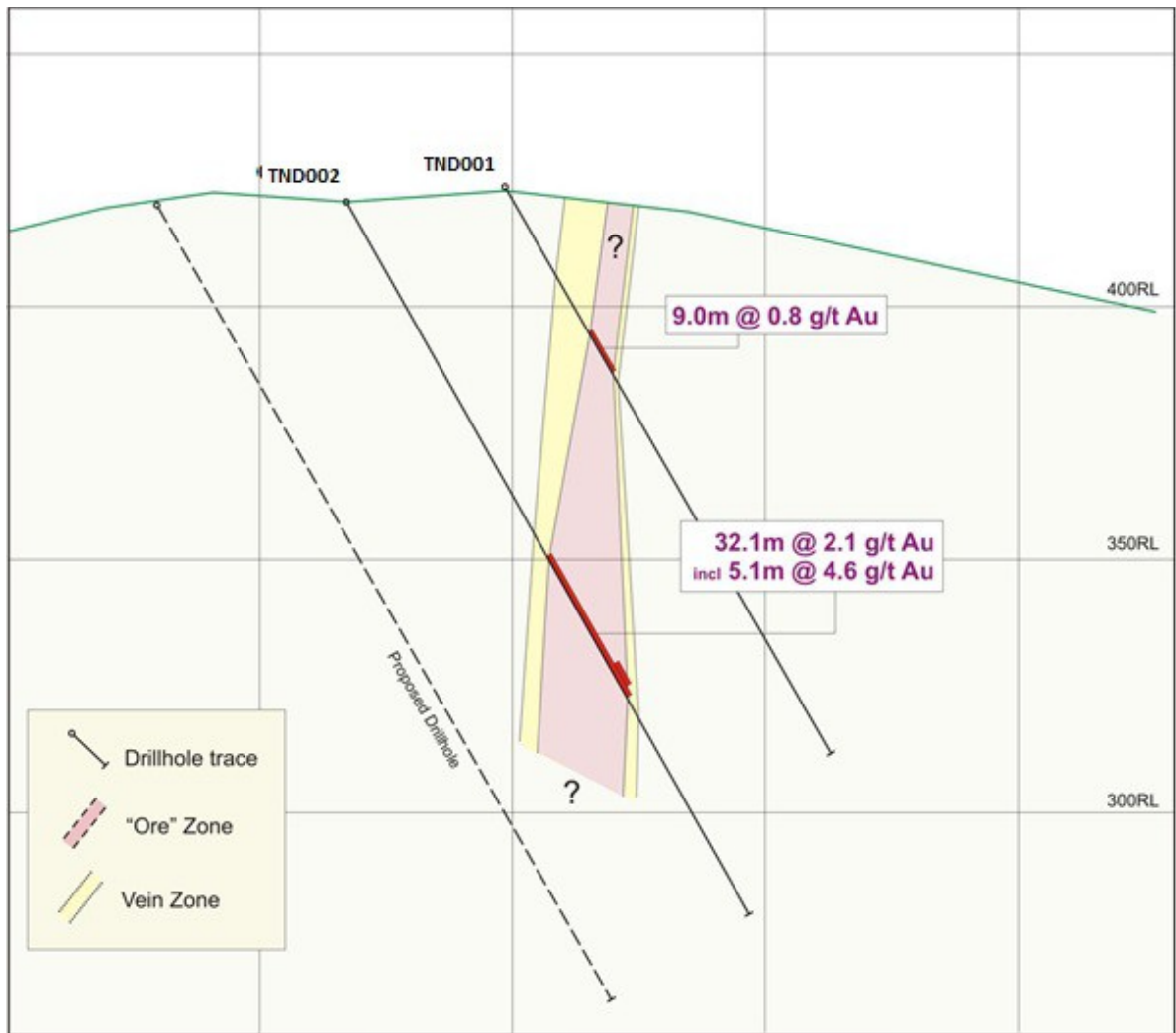


Figure 1: Prospect Cross Section

## V. Mining Gold

### A. Hard Rock

Tanoyan gold is hard-rock bearing gold, which is located in a highly prospective terrain for epithermal gold mineralisation with a number of significant gold deposits on northern arm of Sulawesi.

The Tanoyan property is dominated by late Miocene - Pliocene volcanic rocks belonging to the Pinogu Volcanic Formation, which predominantly comprise andesitic pyroclastics and



lavas, and dacitic tuffs. The andesitic pyroclastics cover most of the prospect area and consist of crystal tuffs, lithic tuffs and agglomerate/tuff breccia. The andesitic lava is fine grained, porphyritic, dark grey to greenish grey, with hornblende and plagioclase feldspar phenocrysts. Younger dacitic tuffs were mapped at the north-eastern part of the Tanoyan prospect overlying the andesitic volcanoclastics.

They are light grey, fine to medium grained, with plagioclase feldspar and quartz phenocrysts up to 5 mm diameter. Fine grained, massive, light grey limestone underlies this dacitic unit in places.

The volcanic rocks have been intruded by a variety of Pliocene dioritic stocks and dykes. Quartz-hornblende diorite stocks, which are medium grained to porphyritic with quartz and hornblende phenocrysts, form the highest relief at Linggak Hill in the north western part of the area.

Gold can be deposited near the earth's surface (epithermal gold) and at greater depths (mesothermal gold). Heavy equipment and thus higher investments are normally required for hard-rock deposit mining.

The first stage of the ore mining is usually the blasting of the rock massif. Then, the ore is crushed. After crushing, the gold (and any other metals that are found) can be recovered in two different ways.

The first recovery method is called "cyanidation". It involves using chemicals to separate the gold from its contaminants. In this process, the ground ore is placed in a tank containing a weak solution of cyanide. Zinc is added to the tank, causing a chemical reaction of which the





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end result is the precipitation (separation) of the gold from its ore. The gold precipitate is then separated from the cyanide solution in a filter press.

The second approach is mechanical extraction through gravitation and flotation. The combination of water and mechanical action frees the valuable minerals from the ore.

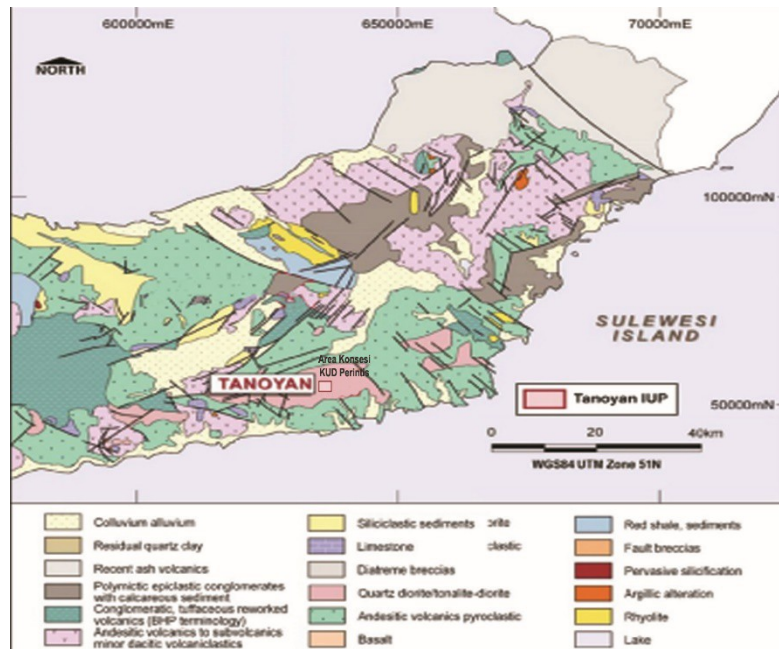
Depending on what recovery scheme is chosen, the plant (crusher, mill, and centrifugal concentrator and flotation cell) and metallurgical department (pumps, adsorbing devices) have to be constructed at the location of the deposit.

Hard-rock deposits are much larger than alluvial ones and, accordingly, also have longer mine lives which justifies the more extensive and costly mining and exploration.

The main product is the concentrate containing the gold. This concentrate is being sent to the refining plant where it is cleaned and shaped into bullions by using high temperature to melt the gold.



Picture 1: Project area – typical topography & vegetation, looking northeast.



Picture 2: IUP location of Tanoyan Project

## B. Tailings

As the result of many artisanal miners around the site, GDP and KUD are also seeing an opportunity on the tailings. The deposits of the tailings as big as 0.5 Million tons with grade Many mine tailings produced by the mill are usually in slurry form, disposal of slurry tailings in impoundments made of local materials is the most common and economical method of disposal.

In some cases, tailings are dewatered (thickened to 60 percent pulp density or more) or dried (to a moisture content of 25 percent or below) prior to disposal. The efficiency and applicability of using thickened or dry tailings depends on the ore grind and concentrations of gypsum and clay as well as the availability of alternative methods. Except under special circumstances, these methods may be prohibitively expensive due to additional equipment and energy costs. However, the advantages

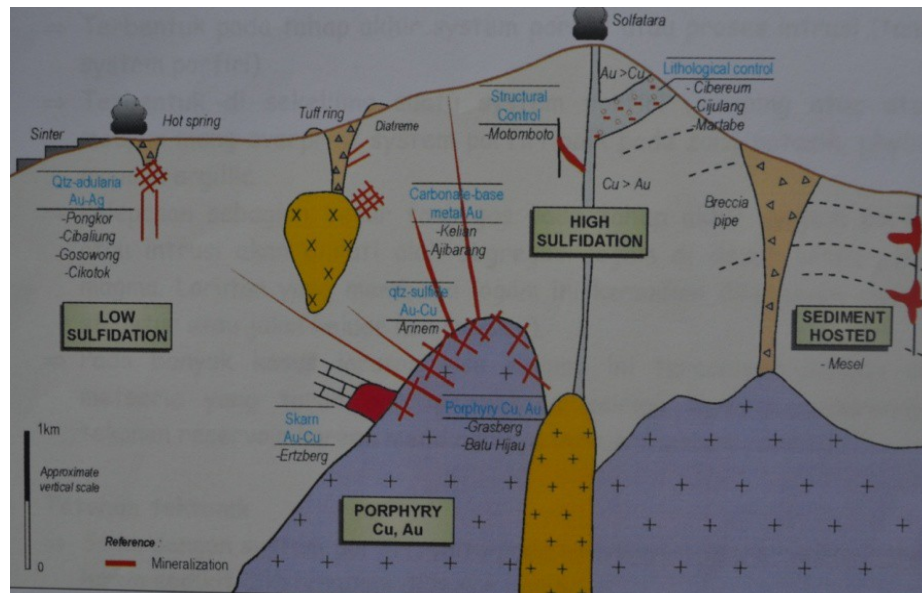


include minimizing seepage volumes and land needed for an impoundment, and simultaneous tailings deposition and reclamation.

Slurry tailings are sometimes disposed in underground mines as backfill to provide ground or wall support. This decreases the above-ground surface disturbance and can stabilize mined-out areas. For stability reasons, underground backfilling requires tailings that have a high permeability, low compressibility, and the ability to rapidly dewater (i.e., a large sand fraction). As a result, only the sand fraction of whole tailings is generally used as backfill. Whole tailings may be cycloned to separate out the coarse sand fraction for backfilling, leaving only the slimes to be disposed in an impoundment. To increase structural competence, cement may be added to the sand fraction before backfilling.

## VI. Tanoyan Deposits

Gold deposits were found in the area IUP, a primary gold deposit type's epithermal Low Sulphidation, contained in a vein with a thickness varying between 0.3 meters - 6 meters. Number of Vein Vein found there were 17, with the general direction Northwest-Southeast and Northeast-Southwest, the slope ranges between 19 ° - 80 °.



Picture 3: Porphyry deposits Model Due to Magma Rising to Surface

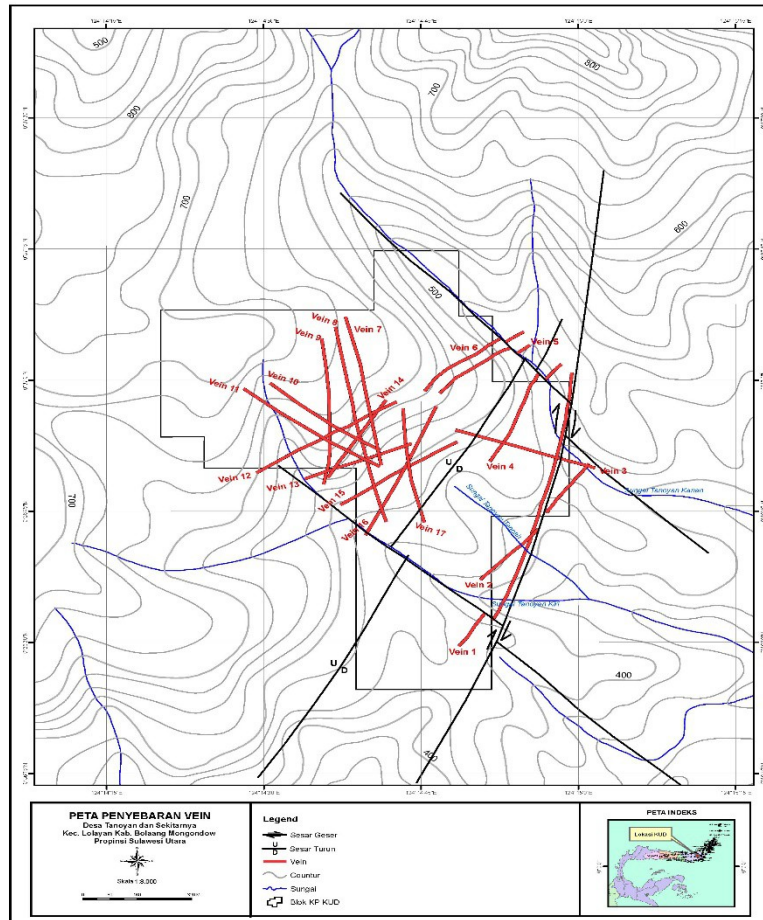
From field observations both with the help of a magnifying glass or by panning tool, generally encountered Vein indicates that it contains significant gold. The results of the laboratory analysis Intertek, from 31 Sample analyzed showed levels ranging between 0.01 ppm Gold - 5.22 ppm.



Picture 4: Silification of the East



Characteristics Vein on the west generally thin, showing changes argilitisation, with transformed feldspar into clay minerals, so the carrier rock gold becomes softer and more easily processed.



Picture 5: Distribution of the Veins

Characteristics of Vein in the East generally thick, the thickness of 6 meters, shows silicification alteration, so rock gold carriers into a compact and hard. Vein thickness prospecting in the East, is also represented by propylitic-argillic alteration in the rock side (Wall Rock / Host Rock).



Picture 6: Quartz Vein in the Middle

For Resource estimation, Vein computed is Vein which Gold content indicating minimal levels of was 2 ppm, it is adjusted to approximate Of Cut Grade for mines. Because there are no data below the surface, the parameters were taken 100 meters depth to the thickness of the vein at least 2 meters and 50 meters for Vein thickness below 2 meters, as well as considering the conditions of geological structure.

Table 2: Inferred Resources

From the calculations above, gained 8 Vein with average levels ranged from 3.15 ppm - 22.5 ppm, Vein thickness 1.5 meters - 5.3 meters. Number of Resources is wholly 3,010,938 Tons Ore (Ore) or 18,361,688 grams of gold (Au).



## VII. Development Plan

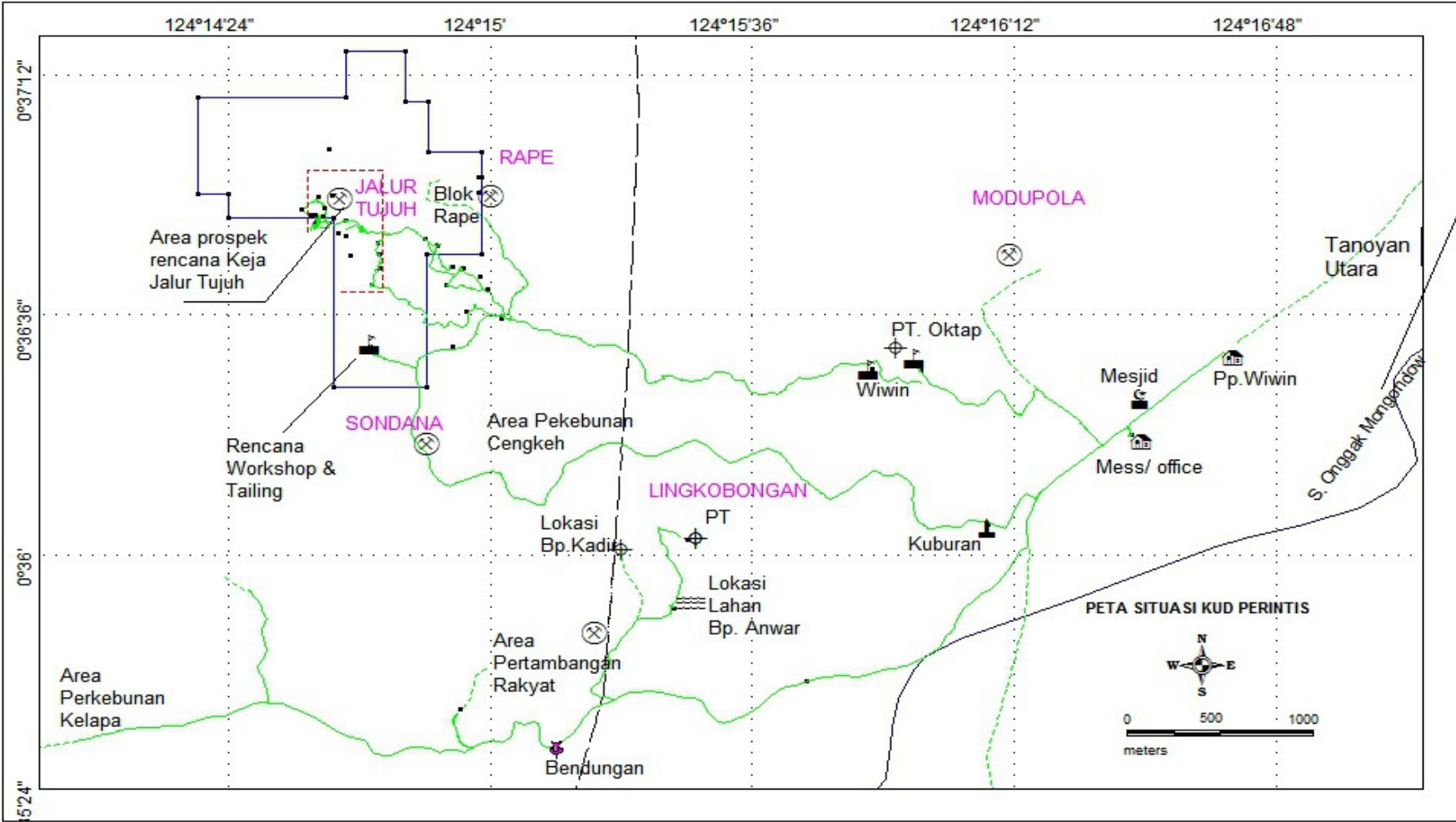
### A. Current Stage

GDP, and KUD Perintis currently are doing the necessary community development, as well as further exploration of the main veins. GDP and UD are also recruiting some of the villagers and mine one of the previous pit mine that has been left by some artisanal miners.

### B. Next Stage

Building all the necessary construction at site and off the site. While also continue to do further exploration in order to get the measured resources. The Drill Sections should be spaced 50m along strike for reasonable definition of tones and grade. The minimum section spacing for measured resource spacing should be two holes per 100m section.

It is anticipated 5,000 meters of drilling should increase defined tones and improve the resource confidence.



Picture 7: General Arrangement Layout



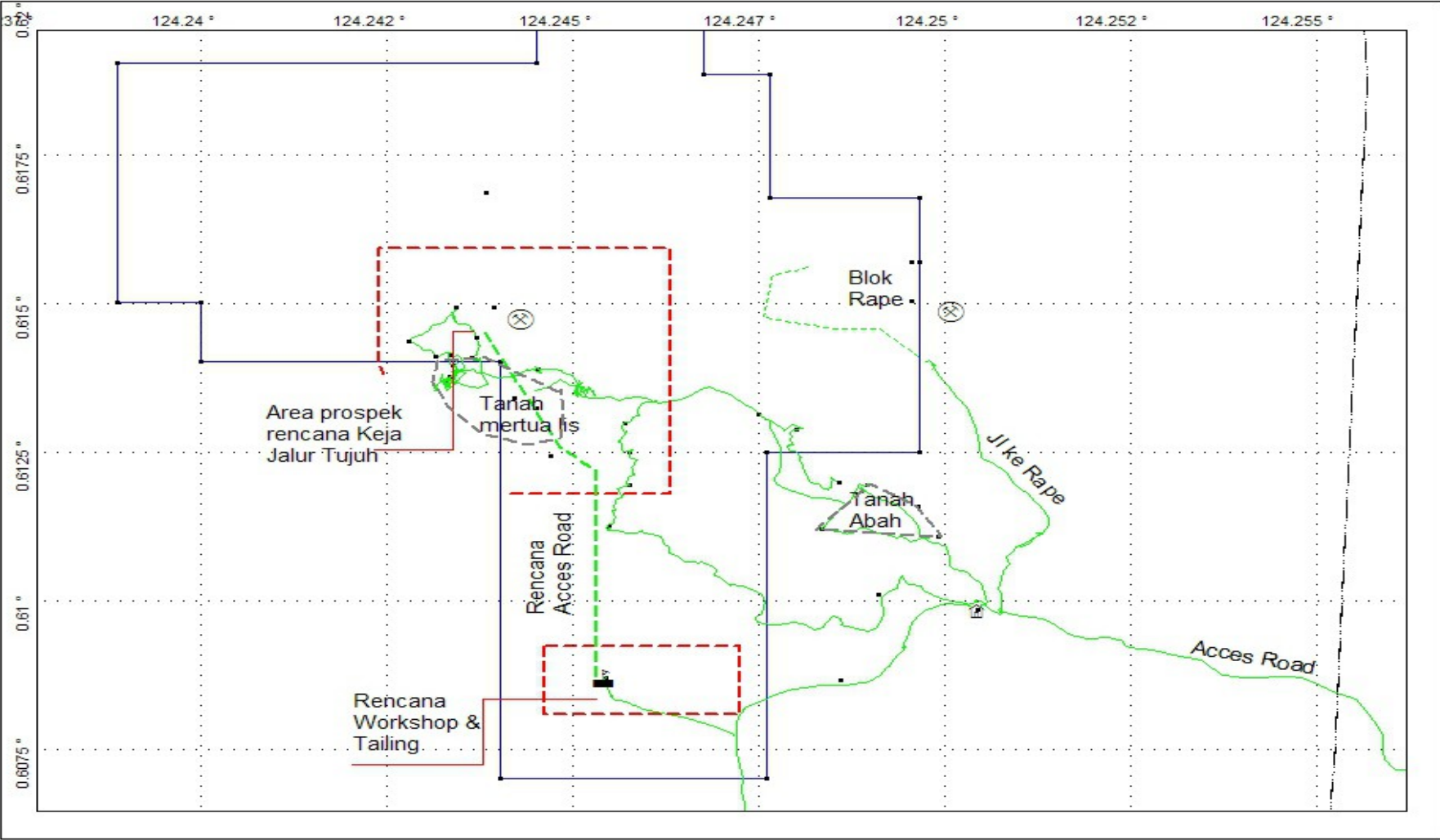


Figure 8: Processing, workshop, tailings and mining plan layout

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Table 3: Tanoyan Project Schedule

## VIII. Financial Projection

### A. Revenue Forecast

The Company expects to produce 9,000 Ounces gold in 2015 corresponding to a turnover of US\$ 11.5m. When the key Breccia hard-rock mine will enter production, the turn-over of Tanoyan Gold is forecasted to reach US\$ 14.0m by 2016. Table 4. Below shows the revenue forecast for 5 years.

<b>Production</b>	<b>Total Resource(Oz)</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Hard-rock	590,341	-	4,500	5,000	6,000	10,000
Tailings	32,150	-	4,500	5,000	6,000	8,000
<b>Total Gold</b>	<b>622,491</b>	<b>-</b>	<b>9,000</b>	<b>10,000</b>	<b>12,000</b>	<b>18,000</b>
Expected gold price (US\$/Oz)		1,189	1,200	1,250	1,350	1,400
<b>Revenue (US\$)</b>		<b>0</b>	<b>10,800,000</b>	<b>12,500,000</b>	<b>16,200,000</b>	<b>25,200,000</b>

Table 4: Revenue Forecast of Tanoyan Gold

## B. Costs

Estimated budget for a twelve months program are presented below in Table 3. It includes provision for the drill programs discussed above, logistical support for the programs, consumables, tenement maintenance, the compilation and interpretation of data and the expansion of the camp facilities and the number of personnel as well as initial production costs.

Description	US\$
Overall Site	173,609
Crushing, Stockpiles and Grinding	159,252
Tunnelling	621,980
Plant Site Crushing	343,264
Plant Site Grinding	462,067
Tailings Management Facility	315,392
Water Treatment and Water Storage Dam	312,254
Environmental	44,225
Site Services and Utilities	34,601
Ancillary Buildings	96,969
Plant Mobile Equipment	10,735
Temporary Services	189,694
Electrical Power Supply	531,429
Access Road	93,433
Off-site Infrastructure and Facilities	73,896
	1,538,0
Heavy Earthmoving Equipment	00
	1,050,0
Detail Diamond Drilling Exploration	00
<b>Total</b>	<b>6,050,800</b>

Table 3: Initial Capital Costs