

## Valuation

Given the early stage nature of exploration mining companies it is difficult to apply most standard valuation methodologies. Factors affecting valuation that can vary widely among exploration mines include mix of metals mined, location and geology, stage of exploration/permitting, quality of potential deposits, experience of management team, degree of prior mining in the area, regulatory environment, etc. We will use the Enterprise Value per Unit of Metal model to determine a valuation for the Company with assumptions from management as a starting point since comparable mine valuation data is not readily available and less relevant due to the factors mentioned above. This analysis only focuses on the primary I-M Project which is more mature and has resource data from a NI 43-101 technical report.

The I-M Project has measured and indicated gold resources of 472,000 ounces and inferred resources of 1,002,000 ounces. Management assumes the following price per ounce value for gold resources: \$60-80 per ounce for measured and indicated resources and \$20-30 per ounce of inferred resources. Applying these price per ounce values to the Company's resource figures would yield a market capitalization range of \$48.4 – \$67.8 million and resulting price per share of \$0.82 – \$1.16 or over 8 times the current share price.

Our analysis applies a discount to management's value per ounce of gold resource assumptions of 66% to adjust for management optimism and the many risks associated with such an early stage exploration company including operational risk, procedural/regulatory risks, funding risks, disappointing deposit finds, timing, gold pricing, and others. Applying this discount would yield a price per ounce of \$20 - \$27 for measured and indicated gold resources and \$7 - \$10 for inferred gold resources. Valuing the Company's gold resources with these discounted values yields a market capitalization range of \$16.1 – \$22.6 million and resulting price per share of \$0.27 – \$0.38. The mid-point of this range is a target price of \$0.33 which is over 3 times the current share price and over 2 times the recent high of \$0.15.

This analysis does not capture any potential value in the Company's other four exploration properties either as standalone entities, in partnership with adjacent mines, or through a lease/joint venture/sale. Note: The current share price of the company indicates price per ounce values of \$7 per measured and indicated ounce and \$2 per inferred ounce (assumes a 3:1 ratio of measured and indicated to inferred)