

PEA Results

Preliminary Economic Assessment overview

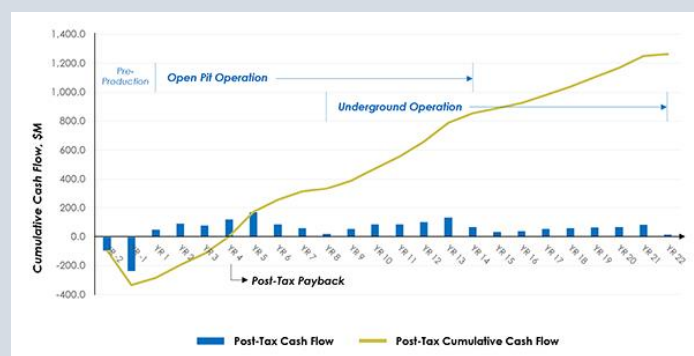
The PEA for the Troilus Gold Project supports a combined open pit/underground mining scenario with low initial capital costs and high rate of return for a 35,000 tonnes per day (“tpd”) operation over a 22-year mine life.

Summary of Troilus Gold Economic Results by Gold Price (US\$)

	Spot Price	Consensus	Base Case	Low Case
Gold Price (per oz)	\$1,950	\$1,750	\$1,475	\$1,350
Pre-Tax NPV (5%)	\$1,951 million	\$1,538 million	\$971 million	\$713 million
Pre-Tax IRR	50.1%	41.8%	29.6%	23.7%
Payback	2.1 years	2.6 years	3.7 years	4.2 years
Pre-Tax Cumulative Cashflow	\$3.8 billion	\$3.05 billion	\$2.04 billion	\$1.57 billion
Post-Tax NPV (5%)	\$1,156 million	\$915 million	\$576 million	\$419 million
Post-Tax IRR (%)	38.3%	32.2%	22.9%	18.2%
Payback	2.5 years	3.0 years	4.0 years	4.4 years
Post-Tax Cumulative Cashflow	\$2.3 billion	\$1.87 billion	\$1.27 billion	\$1 billion

The PEA is preliminary in nature, includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the PEA will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Post-Tax Cash Flow and Cumulative Cash Flow (US\$)



Capital and Operating Costs

The PEA capital and operating cost estimates for the Troilus Gold Project are summarized below. The Initial CAPEX (net of existing infrastructure) is US\$333 million and Sustaining CAPEX over the life of the mine is an additional US\$506 million. The underground mine will require US\$240 million of underground development CAPEX in years 6 to 8 and US\$175 million in sustaining capital to maintain the underground operation. The underground will start development with first mill feed projected to come online in Year 8. All in Sustaining Cost (“AISC”) is US\$850 per ounce AuEq*.

**\$719/oz cash costs and \$850/oz AISC are calculated on a pre-tax basis, in line with the World Gold Council guidelines, and include copper and silver credits. On a post-tax basis, cash operating costs are \$919 and AISC are \$1,051 per ounce of gold, not including copper and silver credits.*

Troilus Project Capital Expenditure Estimates Breakdown (US\$)

Initial Capital	
Open Pit Mining	\$78 Million
Process	\$172 Million
Infrastructure	\$36 Million
Owners Cost	\$11 Million
Contingency	\$36 Million
Total – Initial Capital	\$333 Million*
Sustaining Capital	
Open Pit Mining	\$5 Million
Underground Development CAPEX	\$240 Million
Underground Sustaining CAPEX (Life of underground)	\$175 Million
Process	\$22 Million
Infrastructure	\$19 Million
Environmental	\$19 Million
Contingency	\$26 Million
Total – Sustaining Capital	\$506 Million

**net of existing infrastructure (access road, power line, substation, tailings facility, water treatment plant, site roads)*

Summary of Troilus Gold Project Operating Cost Estimates (US\$)

Average Life-of-Mine Operating Cost	
Mining - Open Pit	\$9.35/tonne milled
Mining - Underground	\$14.36/tonne milled
Processing	\$4.99/tonne milled
G&A	\$1.42/tonne milled
Concentrate Transport	\$0.23/tonne milled
Total Operating Cost	\$17.10/tonne milled
Cash Operating Cost	\$719/oz AuEq*
All in Sustaining Cost	\$850/oz AuEq*

*\$719/oz cash costs and \$850/oz AISC are calculated on a pre-tax basis, in line with the World Gold Council guidelines, and include copper and silver credits. On a post-tax basis, cash operating costs are \$919 and AISC are \$1,051 per ounce of gold, not including copper and silver credits.

Projected gold production averages 220,000 oz per year over the first 5 years and 246,000 oz average per year for the first 14 years and 98,000 from year 15 on. Projected payable Gold is 3.8 million ounces, payable Copper 265 million lbs and payable Silver 1.5 million ounces over the 22-year mine life.

Production Profile – Gold, Silver and Copper*



*Gold and Silver in Ounces (left axis), Copper in Pounds (right axis)

Mining

The PEA considers an initial open pit mining using a 100% owner operated equipment fleet including 28- 181 tonne trucks, electric hydraulic shovels, wheel loaders and drills. The open pit will overlap mill feed production with the underground mine starting in year 8. The open pit will be complete in Year 14 and the underground mine will continue production until Year 22. The mine has been designed to deliver an initial 12.6 million tonnes per year (35,000 tonnes per day) of mill feed. The PEA contemplates a mine that will extract mill feed over a 22 year period not including 12 months of pre-production stripping. The PEA delivers 192.5 million tonnes with average head grades of 0.71 gpt gold, 0.08% copper and 0.97 gpt silver. The process plant is expected to have three months of commissioning in the first year of production.

The project will mine three areas: 87 Zone, J Zone and the new Southwest (SW) Zone. The 87 Zone will have a single-phase open pit followed by underground mining. The J Zone has been designed with 3 phases of open pit only for this study. The SW Zone design is comprised of 2 open pit phases. Mining commences in the 87 Zone pit and SW Zone pit areas in the pre-production period. The J Zone pit area starts production in Year 2. The 87 Zone pit will be complete in Year 6 and the underground mine will continue beneath the open pit from that point onwards. The SW Zone pit will be finished in Year 12. The J Zone pit will finish in Year 14. Underground mining finishes in Year 22. Waste from the open pits will be backfilled in the 87 Zone pit once open pit mining is complete. This provides fill for the underground and short waste haulage for the J Zone pit phases, reducing the overall size of the waste storage facilities.

The average strip ratio for the open pit life of the mine is estimated at 3.9:1. Material movement averages 71 million tonnes (feed and waste) in the first 5 years with the peak at 74 million tonnes in Year 1. The open pit will provide 150.1 million tonnes of feed to the process plant for the first 14 years of the project. Open pit bench heights of 10 metres will be mined and ore hauled with 181-tonne haul trucks and matching loading equipment including electric hydraulic shovels. The open pit mining fleet will be leased. Best practice grade control drilling will be done with reverse circulation drilling and rock sampling on mine benches prior to blasting. This provides the greatest flexibility for grade control during operations while maintaining reasonable mine operating costs and production capability.

Underground mine development will commence in Year 6 and first mill feed to the plant from underground occurs in Year 8. The underground mine will be located beneath the 87 Zone pit and utilize sub-level caving along the edges of the open pit and slot and mass blast in the lower levels. The portal is located adjacent to the primary crusher. Mill feed material and waste will be brought to the surface initially with trucks but will transition to the RailVeyor system for the life of the mine. The underground mine will ramp up production from its initial levels to 9,000 tpd by Year 9 and maintain that rate until the end of the mine life.

During the mining operation a stockpile will be maintained adjacent to the primary crushing plant to be used as supplemental feed as required to meet production targets, weather events

and as mill feed in the later years of the operation. Waste rock will be hauled to dedicated waste management facilities near the open pits, backfilled into the 87 Zone pit and also used for lifts of the tailings management facility. Concurrent reclamation of the waste management facilities is planned.

Metallurgy

Initial test work was completed by COREM and Kappes Cassidy as well the historical operating data, to develop the flow sheet. The process plant consists of primary crushing, SAG and ball milling with gravity gold concentration, copper flotation, concentrate filtration and tailings thickening and disposal. Copper concentrate, enriched with gold, will then be sent to a smelter for refining. Gold recovery is estimated to be 90%, with 30% produced onsite as gravity concentrate and the balance contained in the final copper concentrate. Copper recovery is expected to be 90%.

Infrastructure

The Troilus Gold Project is located in Quebec, approximately 120 kilometres north of Chibougamau, where Inmet Mining Corporation operated a large mine/concentrator complex from 1996 – 2010. Access to the mine site from Chibougamau is by the Route du Nord.

The Troilus project benefits greatly from the upgraded, and substantial infrastructure on site including:

- Power line and 50MW substation sufficient for project power requirements,
- All weather access road,
- Tailings facility and water treatment plant,
- Camp facilities,
- Site roads,
- Water supply,
- Septic system.

The existing tailings management facility has the capacity to accommodate the life of mine production as described in this PEA. As part of the design it is proposed to develop the tailings dam into a centreline constructed containment from the existing upstream designed containment. The building of this containment wall will utilise waste rock from the mine operations.