Mineral Resource at Pahtavaara 1th January 2010

Category	Tonnes	Au gramme/tonne	Au grammes
Measured	490194	3,46	1696068
Indicated	248161	3,19	791301
Grand Total	738355	3,37	2487370

of which

Ore Reserve at Pahtavaara 1th January 2010

Category	Tonnes	Au gramme/tonne	Au grammes
Proven	450888	2,89	1302789
Probable	226960	2,61	591403
Grand Total	677848	2,79	1894192

The mineral resource and ore reserve are estimated by Thomas Lindholm, GeoVista AB, independent consultant and by SveMin and FinnMin registred as qualified person, QP. Åsa Corin, geologist at Lappland Goldminers Oy, has participated in the estimation. The estimation is carried out according to the rules of SveMin and FinnMin which are in compliance with the Canadian NI 43-101 reporting and disclosure.

Core assays are done in 1 m sections and grade control (percussion) samples in 1,8 m sections. Assays are composited to 2 m. Estimation is done by Inverse Distance squared with 15, 30 and 50 m search radius respectively. The relation between major and minor axis in the search eclipse is 1:5. The block size is 5 (X) x 2 (Y) x 5 (Z) with sub-blocks with a factor of 4. The used top-cut is 12 - 20 gramme/tonne Au depending on the orebody. The model cut-off is 2,5 gramme/tonne Au and the wireframe model is created horisontal constructions with 3 - 5 m vertical distance depending on the orebody. The average density used in the evaluation is 2,90.

Assays are done by the independent and accredited (FINAS T025/M18/2010) laboratorium Labtium Oy. Assay method to June 2007 is Fire Assay (Labtium code 705A). From July 2007 the assay method is changed to cyanide leaching in PAL 1000 machine (Labtium code 236A-S).

In the estimation of ore reserves mineral resources located in the vicinity of mine infrastructure has been subject to mine planning. In the conversion from resource to reserve an ore loss of 5% and a dilution of 25% waste at 0,00 gramme/tonne Au has been applied, based on experience from production.