



The year we are reviewing has been a milestone year for our company – it has become a junior gold producer within two and a half years of entering the gold mining industry. The company has also generated its maiden profit, amounting to C\$13.5 M audited from only 8 months of operation in the period to June 2010. The production for the same period was 13,792 ounces of gold at a cash cost of US\$226 per ounce during commissioning, a very respectable achievement by industry standards. This is a tremendous achievement of which our staff and the shareholders can be very proud.

The thanks for this goes not just our supportive shareholders - but also to our tremendous staff. It may not be well understood by the market, that the company has not only developed an open pit gold mine and built an operating gold treatment plant, but it has also built a 158 person work force of professionals and operators at the Selinsing mine site. These people are, with the exception of two expatriate professionals, all Malaysians - mostly from the local area. They were all recruited by our local management and we are indebted to our General Manager at site Mr. Kevin Wright together with his technical and administration staff. Together, they designed, built and now manage and operate the facility, including the entire infrastructure. The company did not engage a contractor – but chose to build the project itself.

The project operates autonomously, under the usual internal controls designed and put in place by our head office, with every template, form and procedure having been designed and installed by our own head office senior staff. These are very necessary controls, especially for a remotely located site and our CFO Cathy Zhai and her accounting staff must receive a special vote of thanks for their hard work, staff training and diligence.

The Company has plans to increase the size of this treatment facility, with the objective of being able to increase the capacity from a nominal 400,000 tonnes per year to approximately 1,000,000 tonnes per year. With two operating mills and the flexibility that will be designed into the circuit, we will have the ability to handle a range of annual tonnage and ore types, as our exploration efforts bear fruit.

Since year end we have closed the Famehub transaction and acquired access to an additional 32,000 acres of exploration land together with a significant data package of exploration information on that land, which will save us years of grass roots exploration effort and cost.

In addition to Selinsing and Buffalo Reef, which we are still also exploring, we will have at least 9 other areas that we will be exploring in order to develop a pipeline of projects with the objective of increasing our Reserves and resources to increase the life of the mine. All of these projects are located within reasonable haulage distance of the Selinsing treatment plant.

The work done this last year is formative, and has set the stage for future growth with the ability to generate significant free cash and profits in a 5-year tax free window that your management will be trying to take advantage of in order to further develop the company.

R.F. Baldock,

A handwritten signature in blue ink, appearing to read 'R.F. Baldock', with a stylized flourish at the end.

President and CEO