

MANAGEMENT'S DISCUSSION & ANALYSIS

For the period ended June 30, 2010

Form51-102F

1.2.2 Projects Update

Selinsing Gold Project

The Selinsing Gold Project ("Selinsing Project") is located at Bukit Selinsing near Sungai Koyan, approximately 65 km north of Raub and 40 km west of Kuala Lipis on the lineament known as the Raub Bentong Suture, at approximately 04015'00"N latitude, 101047'10"E longitude.

The resources of the Selinsing Gold Project are comprised of an indicated mineral resource of 3,630,000 tonnes at 1.76 gpt, using a cutoff of 0.75 gpt for contained ounces of 205,000 ounces of gold, and an inferred mineral resource of 7,690,000 tonnes at a grade of 1.34 gpt for contained ounces of 330,000 ounces of gold at a similar cutoff grade. It is a near surface open pitable resource that metallurgical test work indicates and subsequent mill production records confirm recovery of between 92% and 95%.

Subsequent to the year ended June 30, 2010, the Company initiated an exploration program including 22 drill holes comprising 1,000m RC drilling and 3,000m diamond drilling budgeted at \$0.6 million. The drill program is aimed to increase the reserves by converting the 388,000 ounce inferred gold resource below the present Selinsing open pit outline and is projected to be completed by March 2011.

Mine Development

The Company commenced the Selinsing gold mine development in October 2008 for a total budget of \$17 million. The project includes the mine site and camp development; the 1,200 tpd gold treatment plant construction comprised of the Phase I gravity circuit and the Phase II CIL circuit, and the tailing storage facility development capable to store a 16 month tailing discharge from the processing plant.

During the year, 96% of the project has been completed costing \$17.4 million except the commissioning of the CIL circuit which was delayed due to the late delivery and replacement of the faulty CIL agitators.

The gravity circuit poured the first gold in October 2009 and was placed into production in January 2010. The 650kW ball mill was running at the designed capacity since December 2009 at an average 30,000 tonnes per month. Total mill through put of 272,120 tonnes for fiscal 2010 contained 26,942 ounces of gold, of which 15,892 ounces of gold was transferred into the gravity circuit. Discharged ore materials were pumped to the cyclone cluster, and cyclone overflow in turn was temporarily stored in the tailing pond for further leaching process through the CIL circuit in the future.

The CIL circuit was fully commissioned in August 2010, subsequent to the year end. The commercial production of the Selinsing Gold Mine commenced at the beginning of September 2010.

Production

Mining and gravity plant operating results as at June 30, 2010 are provided as the following:

	Q1	Q2	Q3	Q4	Total
Ore Mined (tons)	69,524	165,823	229,495	197,488	662,330
Ore Processed (tons)	3,524	82,828	95,022	90,746	272,120
Ore Stockpiled (tons)	64,533	145,034	280,737	387,545	387,545

	Q1	Q2	Q3	Q4	Total
Gold produced (oz)	-	1,400	4,127	8,266	13,793
Gold Sold (oz)	-	660	3,716	9,417	13,793
Revenue (in 000' US\$)	-	764	4,135	11,416	16,316
Cash Cost/oz (US\$/oz)	-	371	234	198	226

The cash cost per ounce is calculated based on a partial production under the pre-commercial production stage. It neither represents costs incurred under a normal course of production, nor indicates future cash cost per ounce for the gravity production.