



**Erdene Resource Development Corp.**

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**Annual General Meeting  
June 2012**

# FORWARD LOOKING STATEMENTS



Certain information regarding **Erdene** ("the Company") contained herein may constitute forward-looking statements within the meaning of applicable securities laws. Forward-looking statements may include estimates, plans, expectations, opinions, forecasts, projections, guidance or other statements that are not statements of fact. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. The Company cautions that actual performance will be affected by a number of factors, many of which are beyond the Company's control, and that future events and results may vary substantially from what the Company currently foresees. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration results, continued availability of capital and financing and general economic, market or business conditions.

The Company's forward-looking statements are expressly qualified in their entirety by this cautionary statement. The information contained herein is stated as of the current date and subject to change after that date.

Unless otherwise indicated, all dollar values herein are in C\$.

# REVIEW OF 2011-12 OBJECTIVES



- **Donkin**
  - Secure NI 43-101 compliant study
  - Proceed with Federal and Provincial Government permitting process
  - Prepare for underground exploration/production and Feasibility Study
  - Continue discussions with potential finance providers
- **Zuun Mod**
  - Complete a revised resource estimate
  - Secure mining license
  - Advance the Project through both Mongolian feasibility studies and initiate other engineering studies
- **Regional Mongolia Programs**
  - Complete initial drilling at Nomin (Altan Nar) and follow-up work at Khuvyn Khar
  - Continue regional exploration and prepare applications for highest ranked prospects in Mongolia
  - Continue coal joint venture with Xstrata in Mongolia
- **Industrial Minerals**
  - Build markets for APM's specialty primary kaolin products and achieve sustainable cash flow by the end of 2011
  - Monitor developments at Granite Hill and receive royalty cash flow in 2012
- **Corporate**
  - Evaluate whether the market is valuing the projects fairly under a single corporate entity or whether a separation should be pursued
  - Secure required financing

# REVIEW OF 2011-12 OBJECTIVES

## COMMENT



- Objectives were met, with the exception of achieving sustainable cash-flow at APM. Action was taken in conjunction with the APM board to sell the operating asset as we felt it was not going to be successful carrying public Company costs.
- Three key areas where we experienced shifting focus during the past 12 months were the Donkin Project, the Altan Nar gold discovery and the challenging financial markets.
- These will be the main subject of today's presentation followed by discussion of our short and long term goals.

# ERDENE FINANCE

## SUMMARY NOV 2011 TO JUL 2012



\$8.24M of combined funds secured and reductions employed,  
pending close of industrial mineral sales

DATE	ITEM	Amount (\$million)		
		Cash Inflows (total)	Expenditure reduction- Exploration (total)	Expenditure reduction G&A (Annualized)
Nov, 2011	Financing @ \$0.40	\$2.19		
Q1-2012	Suspend Non-Essential Exploration Programs 2012		\$0.5	
Mar, 2012	VP Aggregate Position			\$0.14
Mar, 2012	Reduction in Mongolia Positions			\$0.05
Apr, 2012	Negotiate \$1M advance for Donkin from Xstrata	\$1.0		
May, 2012	Reduction in Travel, Admin, Overhead			\$0.078
Jun, 2012	Xstrata Donkin Funds Repayment	\$0.328		
Jun, 2012	Sale of Granite Hill	\$3.350		
Jul, 2012	Sr. Finance Position			\$0.075
Jul, 2012	Re-Payment of APM Loan	\$0.40		
Jul, 2012	Reduction in APM Advances (Annual)			\$0.120
	TOTAL	\$7.27M	\$0.50M	\$0.466M

# ERDENE FINANCE

## EXPENDITURE RATE



- Erdene (2011) is below average on General & Administration in our peer group and in the top third for ratio of Exploration & Development to G&A
- Entered 2012 with target to reduce G&A by 18%, now projecting a 22% reduction
- Donkin Expenditures – negotiated with Xstrata for all Donkin related costs to be carried during sales process
- Maintain reduced E&D funding for Mongolia until additional funds accessed;
  - 32% decrease in 2H-2012; <\$200,000 / mth
- Average overall burn 2H-2012 less than \$300,000 / mth approaching \$200,000 / mth by year-end assuming no new Capital

# ERDENE FINANCE

## CAPITAL PRESERVATION



### Objectives:

- >\$4.5M in cash July 2012 with closure of various transactions; approximately equal to cash position in July 2011
- Maintain minimal spending until further financing and/or markets improve
- Continue to assess opportunities to separate entities with minimal cost and dilution
- End 2012 with >\$2.7M in cash

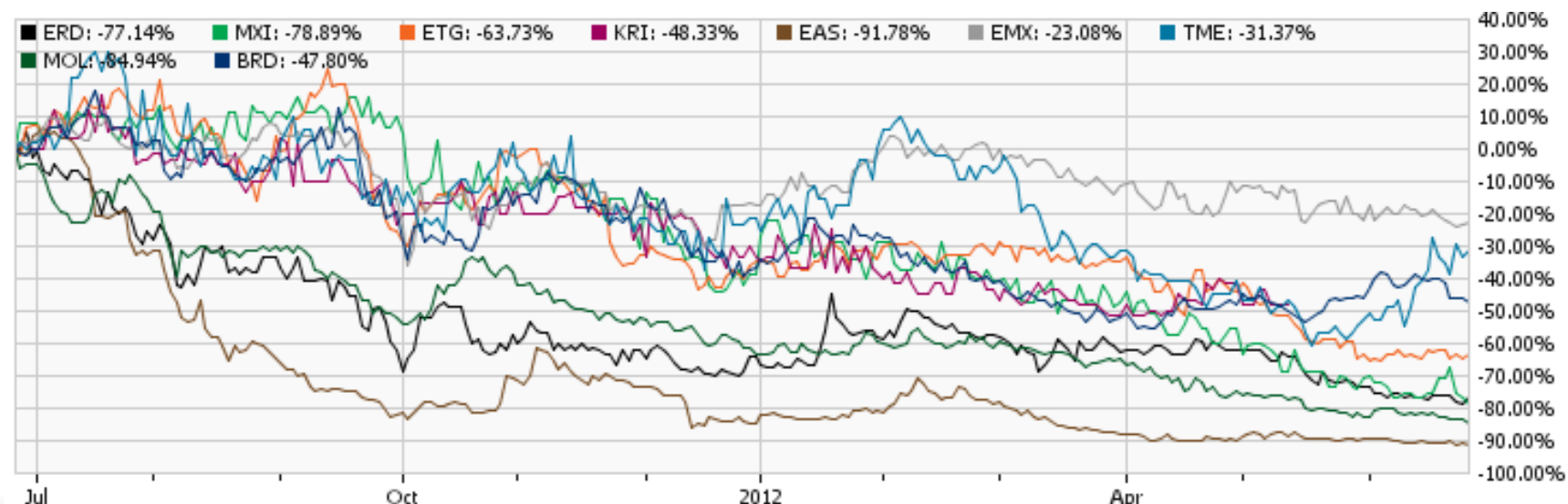
# SHARE PERFORMANCE PEER COMPARISON



3 YEAR



1 YEAR







- Going forward our Company holds ownership in and will be focussing on two unique assets:
- **The Donkin Coal Project**
  - A 25% participating interest with the initial \$10M carried and a Right of First Refusal on acquiring 100%
- **Mongolian Company and Projects**
  - Erdene has become the leading exploration Company in Mongolia based on our contacts, knowledge base and team, as well as a strong inventory of metals properties lead by Altan Nar and Khuvyn Khar

# GLOBAL ECONOMY

## COMMODITIES – SUPPLY AND DEMAND



- Europe's banking crisis and continued slow US growth will continue to bring uncertainty to the global economy in the near term.
- Strong commodity markets will continue as long as the major developing countries experience the current rates of population growth and urbanization.
- Although China's GDP growth fell to 8% in 2011, the amount of growth is double what it was at their peak growth year of 2007, when it grew by 11.4%.
- In the past 18 months, China has added what amounts to Canada's total GDP or Spain and Greece combined.
- China is a saving nation with a saving rate of 51% of their GDP.



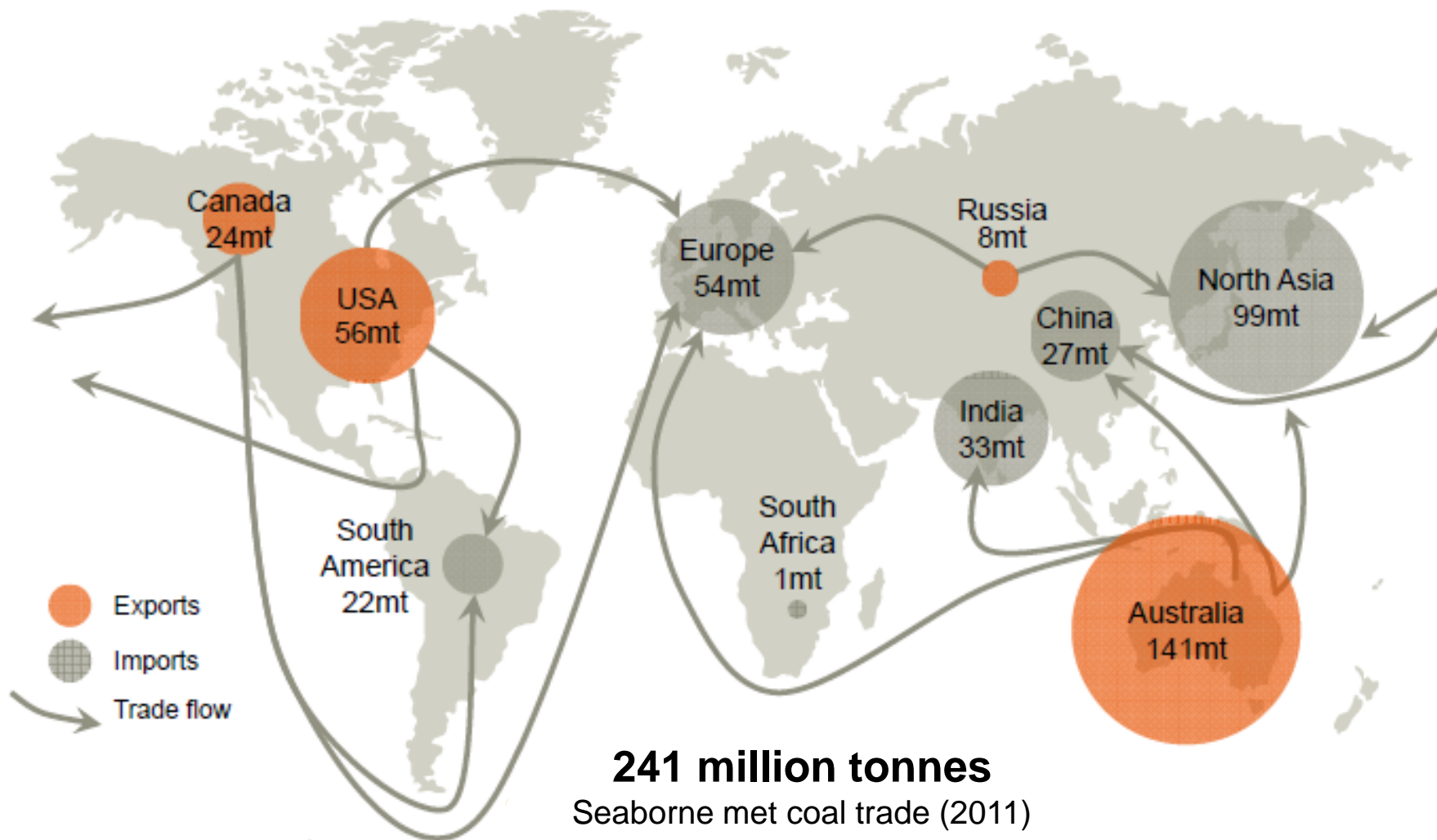
- Global thermal coal demand is roughly 5B tonnes per year.
- Demand rising due to soaring demand for electricity;
  - The International Energy Agency expects global electricity use to grow by about one Brazil (481 terawatt-hours per year) per year through 2035.
- By our calculation, the world needs 15M tonnes / month of additional supply to meet demand or the equivalent of five new Donkin Coal projects monthly.
- The greatest growth area will be in seaborne coal to international markets.
- Transportation distance mine to port will be a key advantage for producers.



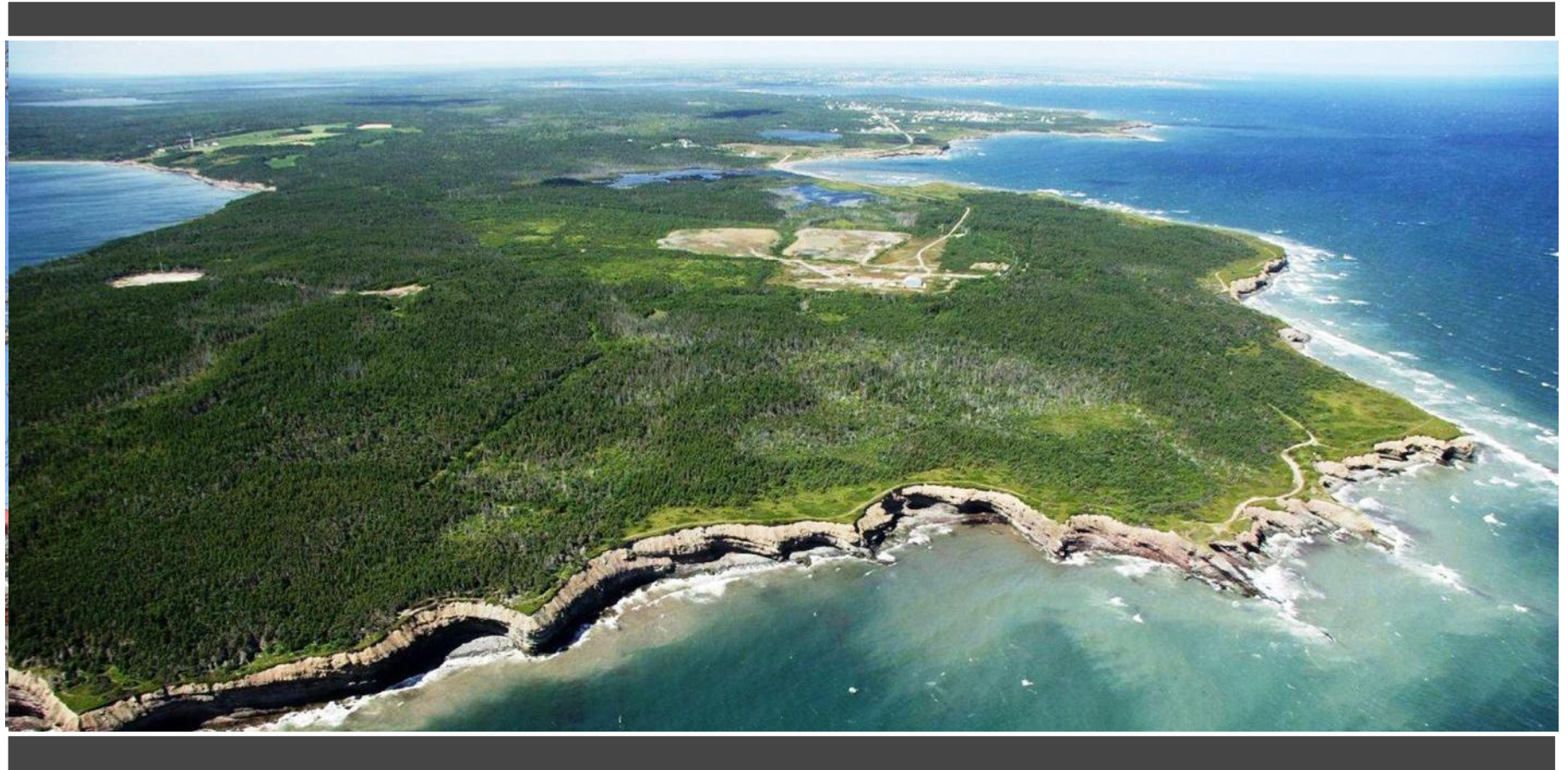
- Global metallurgical coal demand is roughly 900M tonnes per year.
- A total of 241M tonnes is currently exported into the seaborne market.
- The seaborne coal trade of metallurgical coal is predicted to grow at a 4.9% compound annual growth rate between 2011 and 2025.
- Although the recent news on China continues to suggest a slowdown, coking coal statistics indicate differently, with 50M tonnes more coal purchased by the country's steel mills and other consumers between January and April 2012 compared to the same period in 2011.

# METALLURGICAL COAL MARKET

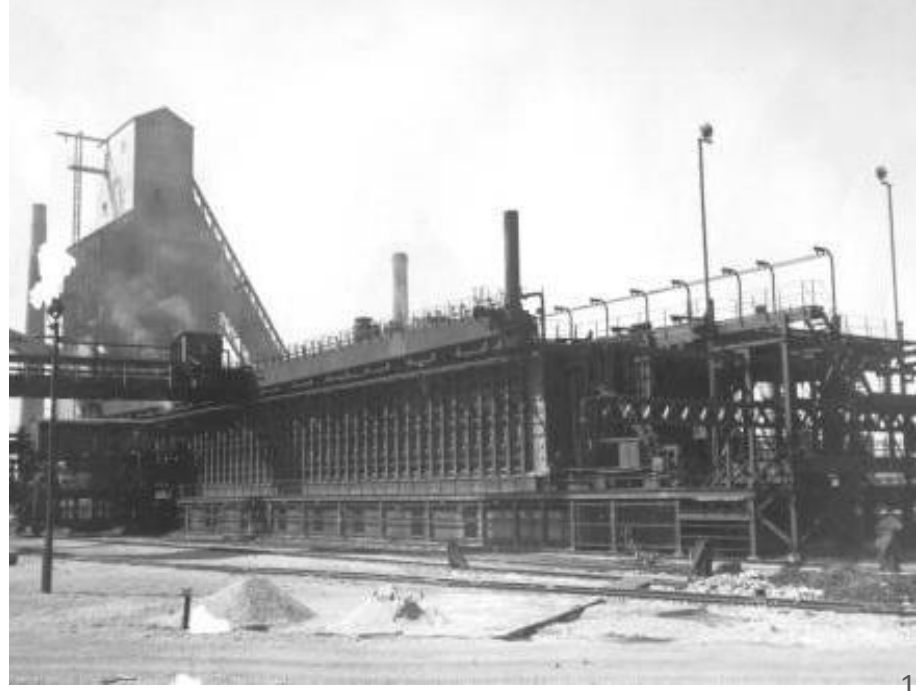
## SEABORNE TRADE IN 2011



# DONKIN COAL PROJECT



**At its peak during World War II, industrial Cape Breton produced half of all the steel in Canada at their Sydney Steel Plant, and 42% of Canada's total coal output**



# SYDNEY COALFIELD, CAPE BRETON

## HISTORY OF SUB-MARINAL LONGWALL MINING



<b>Lingan Mine</b>	COAL SEAM(S)	Harbour
	OPERATION	1970 – 1992
	PANEL WIDTH	220 m
	ANNUAL PROD.	1.5 Mtpa ROM
	TOTAL PROD.	25 Mt



<b>Phalen Mine</b>	COAL SEAM(S)	Harbour & Phalen
	OPERATION	1984 – 1999
	PANEL WIDTH	145 m – 260 m
	ANNUAL PROD.	2.5 Mtpa ROM
	TOTAL PROD.	18 Mt from 14 longwalls



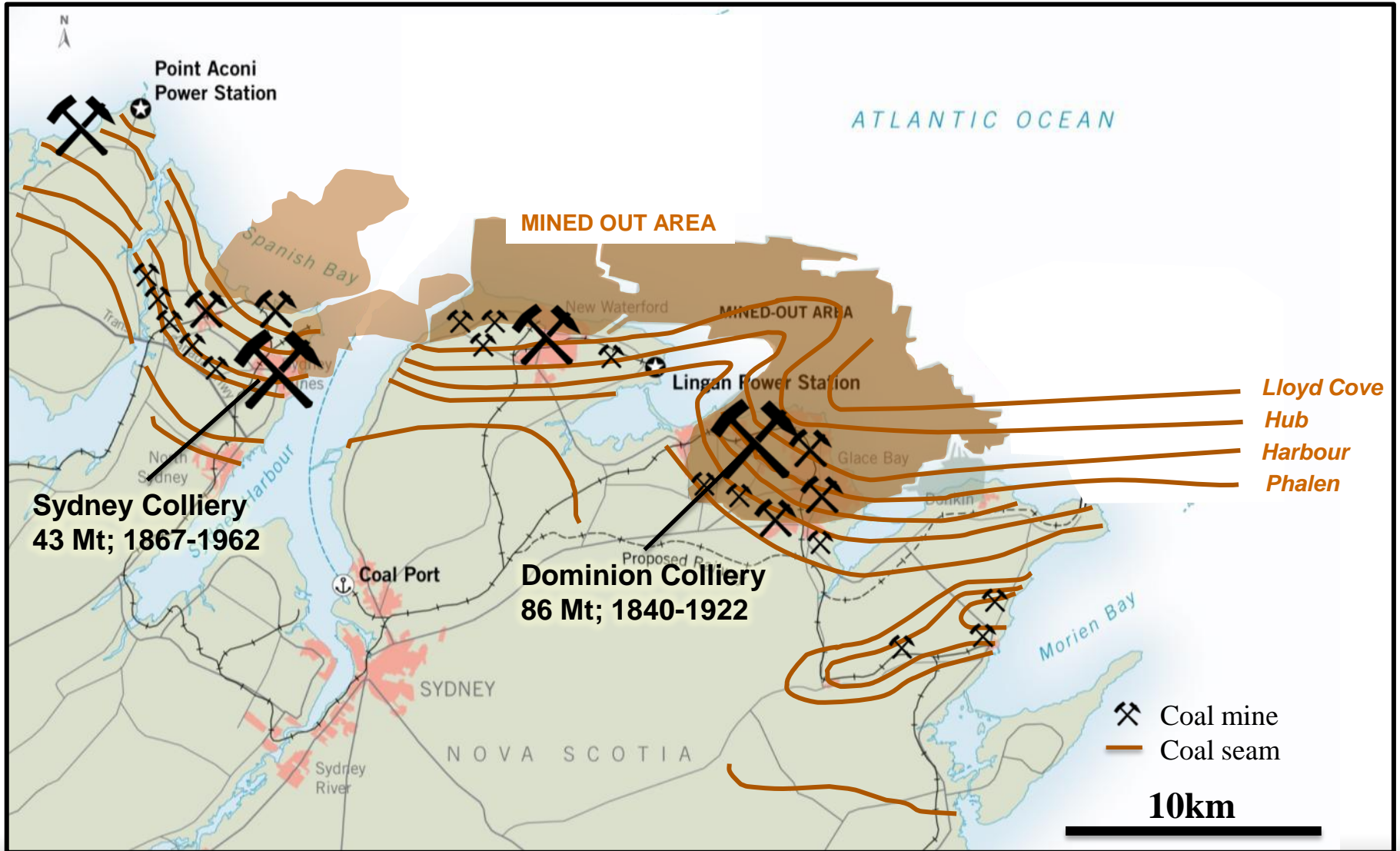
<b>Prince Mine</b>	COAL SEAM(S)	Harbour & Hub
	OPERATION	1975 – 2001
	PANEL WIDTH	200 m
	ANNUAL PROD.	1.5 Mtpa ROM
	TOTAL PROD.	21 Mt from 25 longwalls





# SYDNEY COALFIELD, CAPE BRETON

410 MT FROM 100+ MINES OVER 280 YEARS



# DONKIN COAL PROJECT OVERVIEW



- Located on Deep Tidewater
- Exclusive Port Access
- Significant Infrastructure in Place
- Large Resource – Long Mine Life
- High Quality Coking & Thermal Coal
- Low Operating & Transportation Cost
- Experienced Workforce

# WORLD CLASS LOCATION

## 30 KM FROM DEEP WATER PORT



# SYDNEY HARBOUR DREDGING COMPLETED JAN 2012



- Cost - \$38M funded by Government
- New harbour depth - 16.5 m (54 ft)
- Vessel capacity increased from 60,000 to 160,000 tonnes (Capesize)
- Will be among the deepest ports along the North American eastern seaboard
- Private company spending \$75M to develop a trans-shipment facility in Sydney Harbour for coal imported from West Virginia & South Africa (up to 5 Mtpa), to load onto Capesize for transport to the Global market

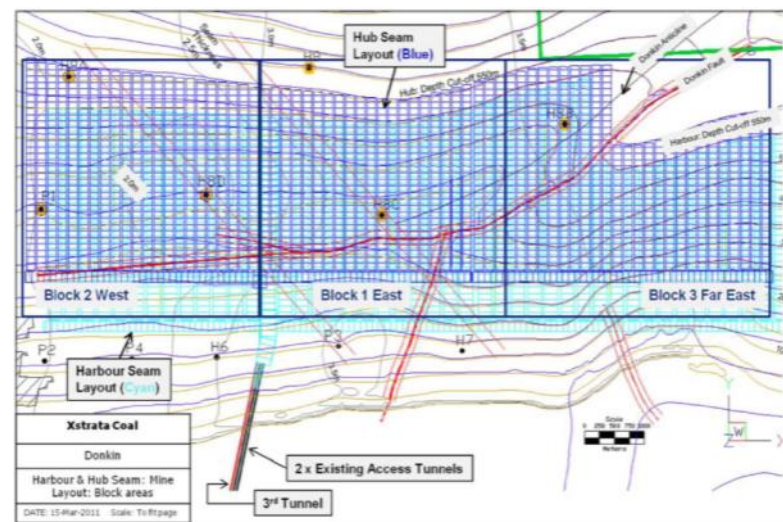
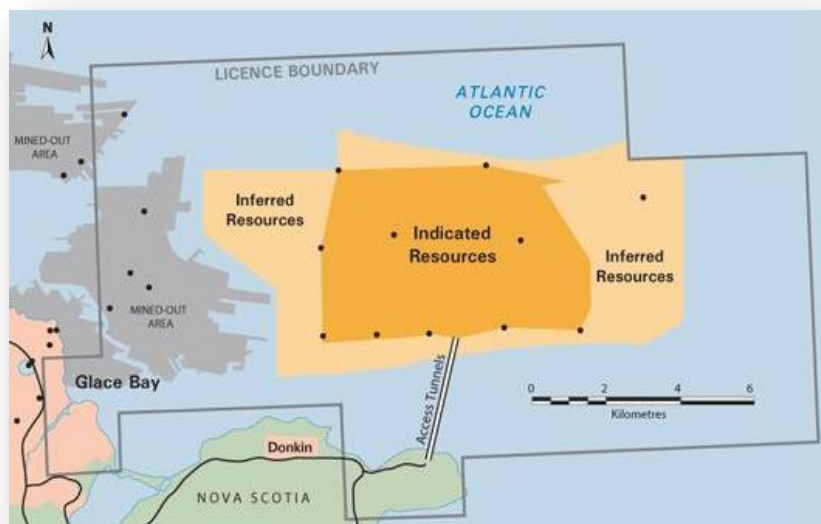
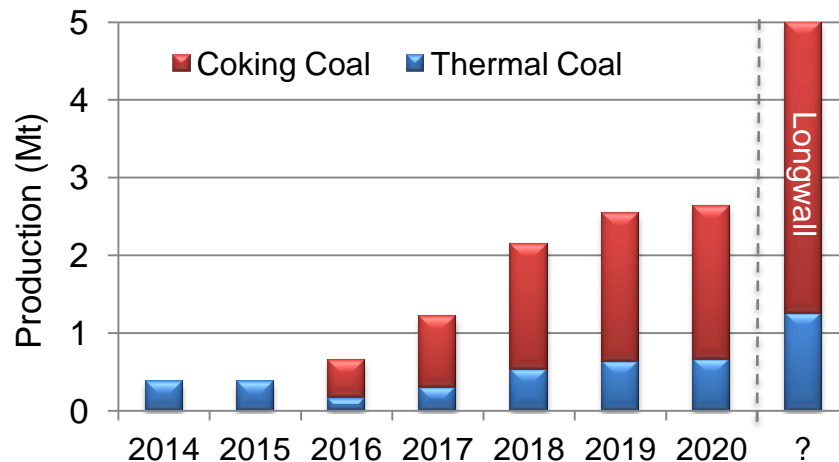


**Canada Prime Minister,  
Stephen Harper (Dec'10)**  
*“Looking forward, as we  
must, to the day when  
mining jobs return to Cape  
Breton, there will be new  
opportunities for shipping,  
along with the export of  
coal from the Island”*

# DONKIN COAL PROJECT RESERVES & PRODUCTION SCHEDULE



Coal Seam	Probable Mineable Reserve (Mt)	Indicated Resource (Mt)	Inferred Resource (Mt)
Lloyd Cove	n/a	53	82
Hub	28	73	57
Harbour	30	101	115
<b>Total</b>	<b>58<sup>1</sup></b>	<b>227<sup>2</sup></b>	<b>254</b>



<sup>1</sup> Based on Indicated Resources only

<sup>2</sup> Includes the Probable Mineable Reserve of 58 Mt

Harbour Seam - 2.0 to 4.7 meter thick

# SYDNEY COALFIELD, CAPE BRETON

## HISTORY OF COAL EXPORTS



- 40+ years of exporting thermal & met coal into international markets
- In early 90s, local industry was exporting >2 Mt washed thermal & met product into the global steel markets of Germany, Brazil, & Japan
- Typical product specifications for the Harbour & Phalen seams;

<b>Analyses</b>	<b>Metallurgical Product</b>	<b>Thermal Product</b>
<b>Sulphur (%)</b>	1.3	1.8
<b>Ash (%)</b>	3.3	5.0
<b>Volatiles (%)</b>	36	36
<b>CSN</b>	8	n/a
<b>Fixed Carbon (%)</b>	60	59
<b>Heating Value (BTU/lb)</b>	14,950	14,640
<b>Fluidity (ddpm)</b>	29,970	n/a
<b>Yield %</b>	60-80	60-80

# DOMESTIC COAL MARKET

## ATLANTIC CANADA



- Over half of Nova Scotia's electricity is generated by coal-fired utilities;
  - 4 coal-fired power plants generating a total of 1,238 MW of electricity annually
  - Demand of 2.8 Mt per year
  - Forecast coal consumption in NS: ~1.9 Mt in 2032
- Majority of coal imported from foreign sources;
  - In 2009, Nova Scotia and New Brunswick imported 2.12 Mt and 0.81 Mt of coal, respectively, with almost half of that supply coming from Colombia
  - Current coal production in Nova Scotia is approximately 0.45-0.75 Mt from the Pioneer Prince and Pioneer Stellarton mines



# PRE-FEASIBILITY STUDY

## COMPLETED JUNE 2011



<b>Mine Type</b>	Underground
<b>Mining Method</b>	Room-and-Pillar
<b>Initial Mine Life</b>	20 Years
<b>Initial Production</b>	2013
<b>Full Production</b>	2017
<b>Annual ROM Production</b>	3.5 Mt
<b>Annual Saleable Production</b>	2.75 Mt
<b>Wash Yield</b>	81%
<b>FOB Cash Cost (avg LOM)</b>	C\$52/t
<b>Development Capex</b>	C\$497M
<b>Peak Funding Requirement</b>	C\$331M
<b>Sustaining Capex</b>	C\$15M/yr
<b>Project Economics<sup>1</sup></b>	
<b>Annual EBITDA<sup>2</sup></b>	C\$294M
<b>After-tax NPV<sub>8%</sub></b>	C\$1.06B
<b>After-tax NPV<sub>10%</sub></b>	C\$830M
<b>IRR</b>	36%

1. Full Project economics calculated based on long-term price estimates for coking coal product of US\$156.70/tonne and thermal coal product of US\$122.20/tonne

2. For the first year of full production

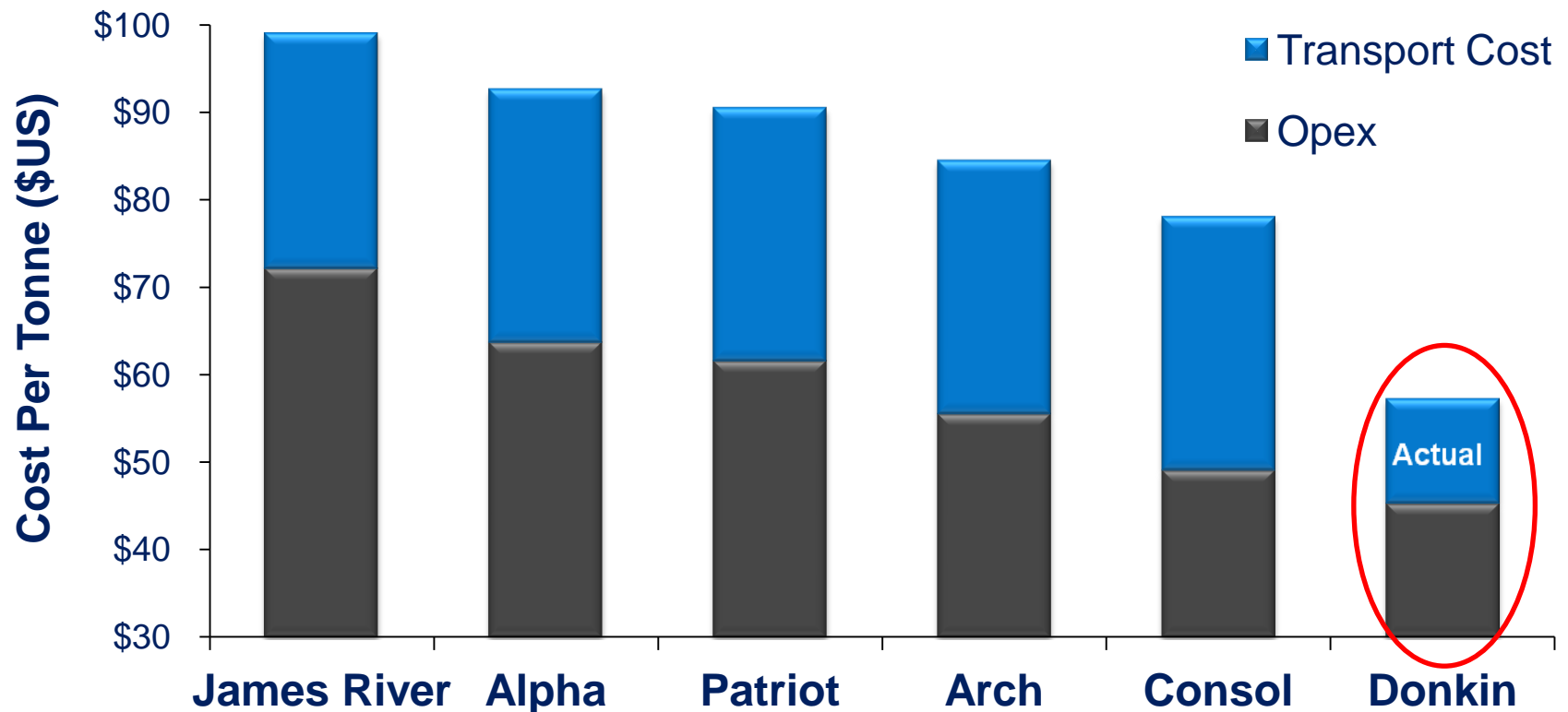


# CASH COST PEER COMPARISON

## APPALACHIAN COAL PRODUCERS



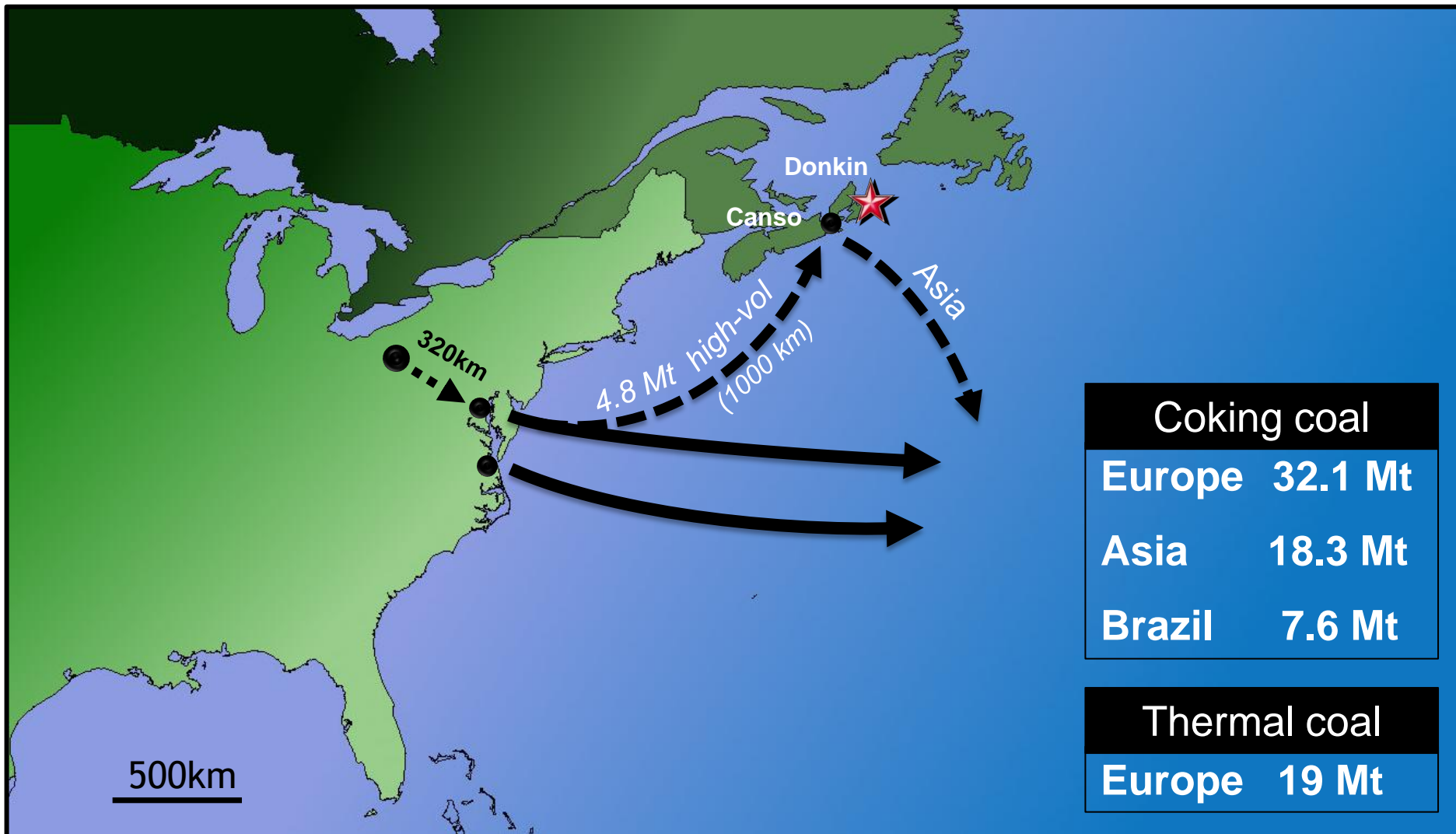
Potential to be the lowest cost (FOB Post-Panamax) underground metallurgical coal producer in North America



1. Operating expenses taken from company reports
2. Average distance of 270 mi for Appalachian producers with an average transport cost/tonne mile of \$0.10 (EIA)
3. Port handling fee of \$2/tonne (Marston 2011) added to transport cost

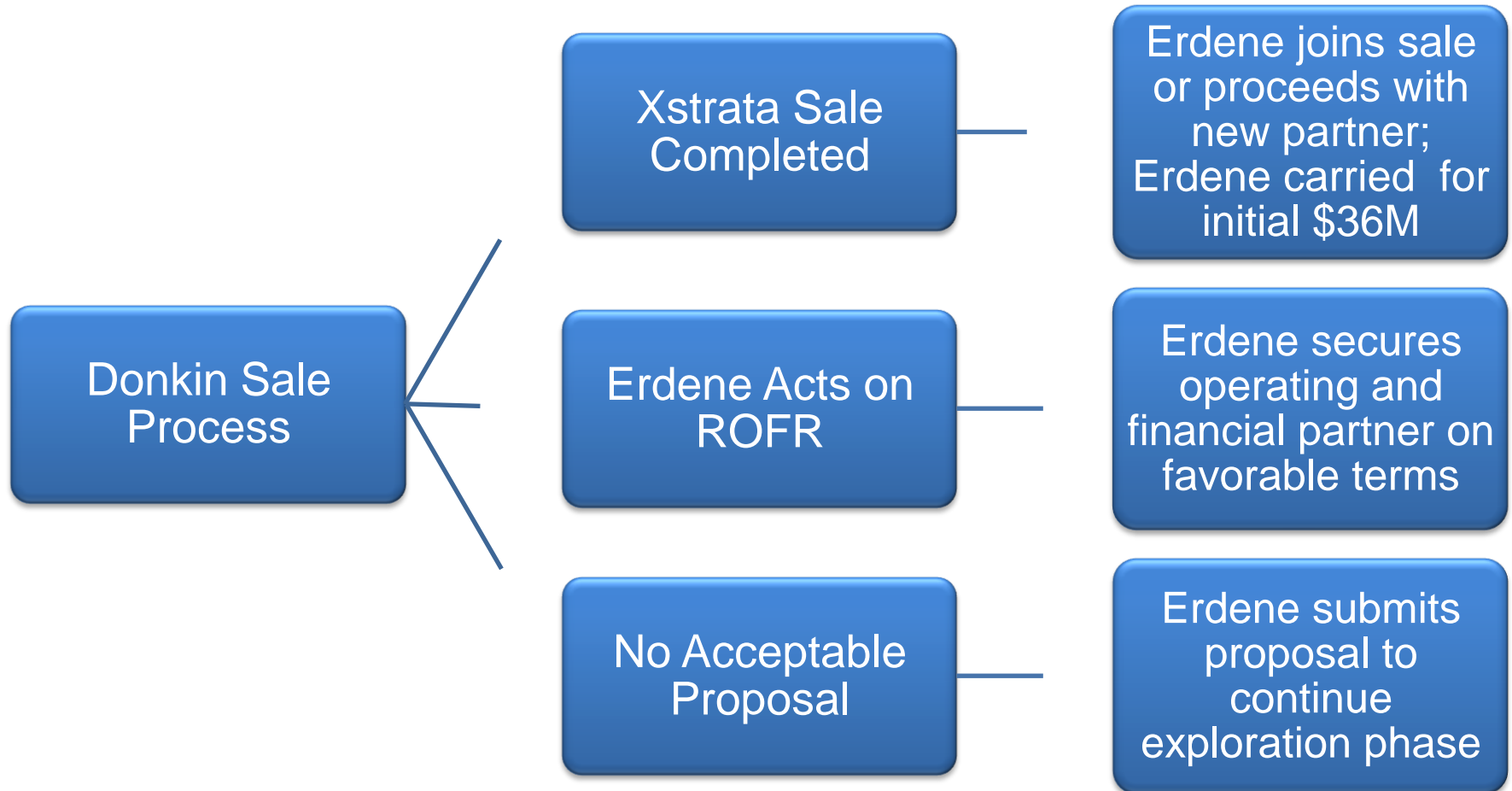
# DONKIN TRANSPORT ADVANTAGE

## EASTERN NORTH AMERICAN COAL EXPORT



# XSTRATA DONKIN SALE PROCESS

## ERDENE'S OPTIONS



# XSTRATA DONKIN SALE PROCESS

## ILLUSTRATIVE TIMELINE



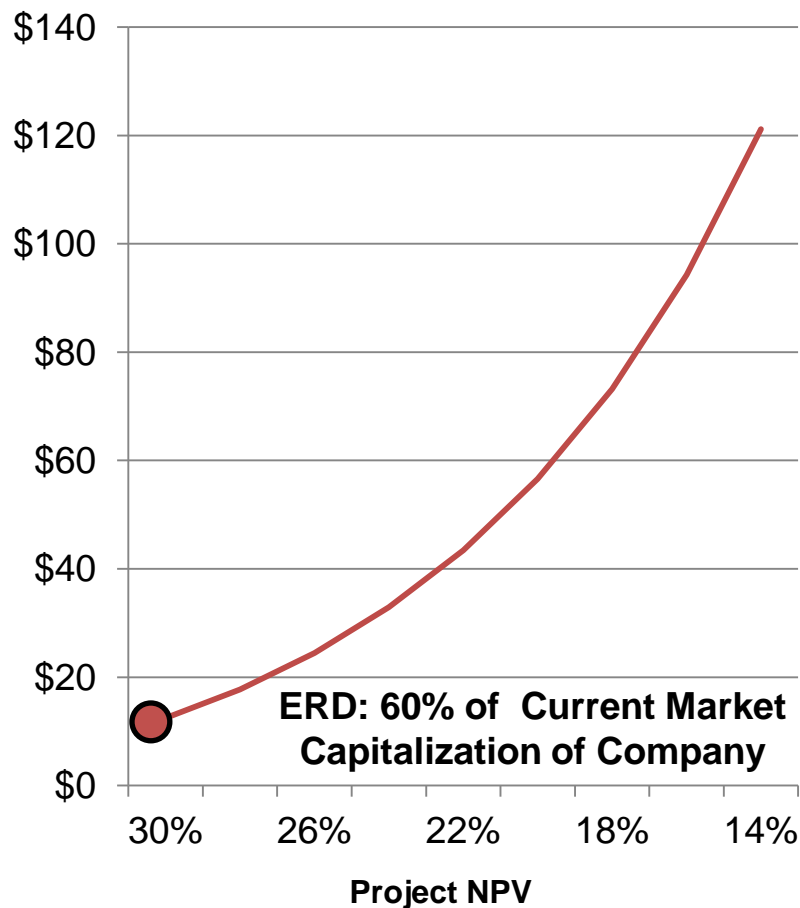
	Week Beginning On																												
	May				Jun				Jul				Aug				Sep				Oct				Nov				
	7	14	21	28	4	11	18	25	2	9	16	23	30	6	13	20	27	3	10	17	24	1	8	15	22	29	5	12	19
<b>Pre-Marketing Preparation</b>	█																												
<b>Marketing</b>		█			█	█	█		█																				
<b>Indicative Bids/Short List/Due Diligence</b>										█	█	█	█	█															
<b>Final Bids/Negotiations and Announcement</b>															█	█													
<b>Regulatory Approvals / Close</b>																			█	█	█	█	█	█	█	█	█	█	█

# DONKIN VALUATION

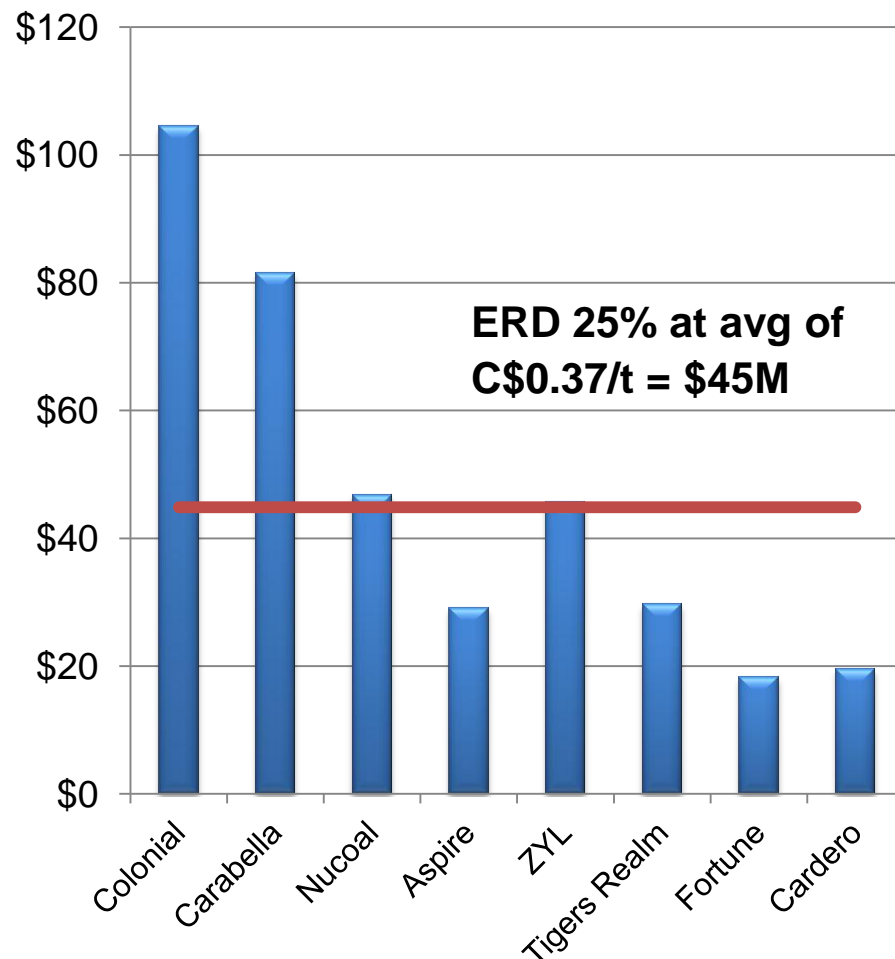
## ERDENE'S 25% INTEREST



**NPV (Marston) Donkin @ Various Discounts vs. 60% of Market Capitalization**



**Peer Value per Tonne Applied to 25% of Donkin Resource**



# MONGOLIA OVERVIEW



# MONGOLIA OVERVIEW



- **ECONOMIC GROWTH – 2011**
  - Economy grew at 17%, among the fastest in the world. Expected to be 20% in 2012
  
- **FOREIGN DIRECT INVESTMENT – 2011**
  - FDI totaled \$5.3 Billion, with GDP at \$8.2 Billion.
  - Mining accounted for one-fifth of the economy and supplied a third of government revenue.
  - Rio Tinto committed to multi-billion construction of one of world's largest Cu-Au projects
  - Foreign Investment Law recently implemented to require approval by the State predominantly for protection from foreign state-owned enterprises
  
- **NATIONAL PARLIAMENTARY ELECTION - June 28<sup>th</sup>**
  - 76 legislative seats and 2 principle parties; Democratic Party (DP) and the Mongolian People's Party (MPP); previously a coalition government
  - Indications are that recent ruling parties in the coalition government will again be in control
  
- **LICENSING SYSTEM**
  - In 2010, Mongolia suspended the issuance and processing of exploration licences.
  - Amendments to Minerals Law expected after election.

# COPPER & MOLYBDENUM



## COPPER

- Mine production in 2012 is estimated to be 16.9M tonnes, with the world remaining in a copper deficit.
- It is estimated that the world will require an additional 0.8M tonnes annually, growing to 2.5M tonnes over the next 20 years.
- To put that in perspective, one of the worlds largest copper development projects, Oyu Tolgoi in Mongolia, will add about 0.5M tonnes.
- In May 2012 China's copper imports increased by 12% coincident with significant domestic drawdowns of inventory.

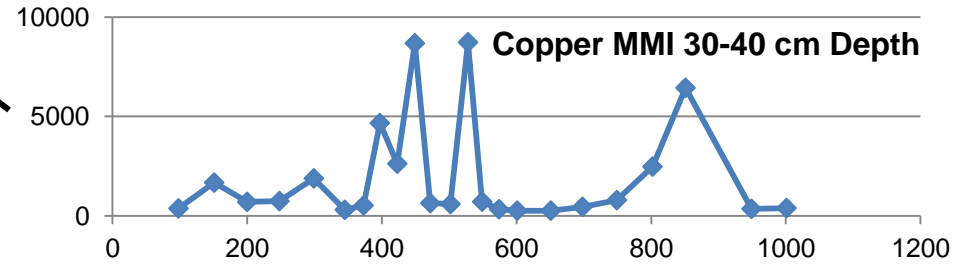
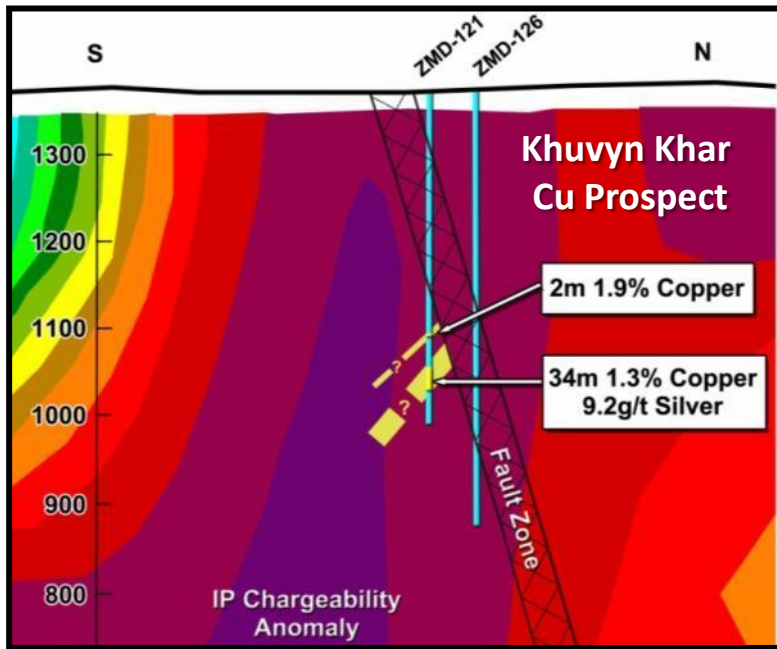
## MOLYBDENUM

- Global Moly demand rose sharply in 2010 and 2011, and is forecast to continue to rise, driven by demand from China, India, and Brazil.
- Global Moly consumption totaled a record-high of 537 M lbs in 2011, of which China consumed 168 M lbs, a 13% increase from the previous year.
- It is estimated that at historical growth rates, Moly production needs to grow at between 20 and 25 M lbs per year. This equates to replacing one of the largest mines globally each year.

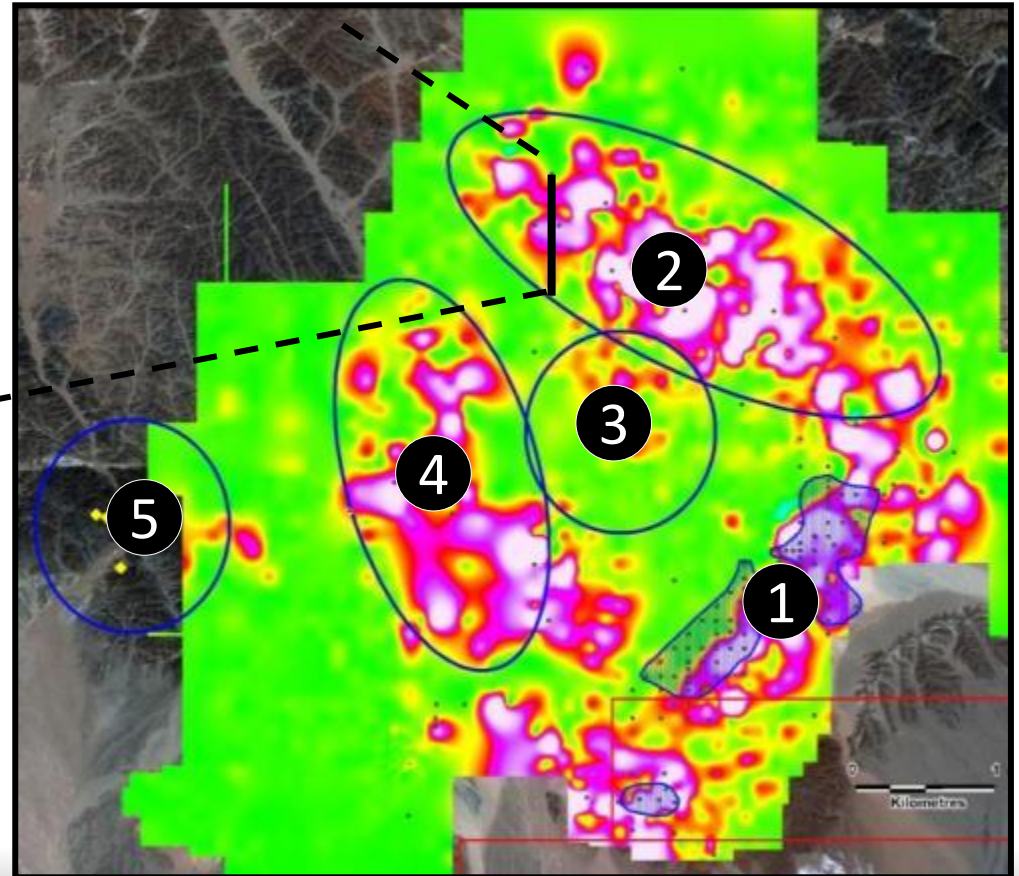


# KHUVYN KHAR PROJECT

## COPPER DISCOVERY AND OTHER TARGETS



- 1 **Zuun Mod Mo-Cu Deposit**
- 2 **Khuvyn Khar Cu Prospect**
- 3 **Central Zone**; untested, possible mineralization at depth
- 4 **West Corridor Prospect**; untested geochemical & geophysical anomalies
- 5 **Gold Target Area**; anomalous rock samples, up to 2.9 g/t Au



# ZUUN MOD PROJECT OVERVIEW



## OWNERSHIP

- 100% owned by Erdene

## COMMODITY

- Molybdenum (Mo) and Copper (Cu)

## LOCATION

- Southwestern Mongolia
- 200 km from China, the world's largest steel producing market

## PROPERTY SIZE

- Mining license granted in 2011
- Same tectonic terrane as Ivanhoe/Rio Tinto's massive Oyu-Tolgoi Cu-Au project

## RESOURCES

- Total MI&I resources of 465 M lbs of Mo & 571 M lbs of Cu
- One of Asia's largest Mo deposits
- Extensive porphyry system with significant exploration upside

## MARKET

- China

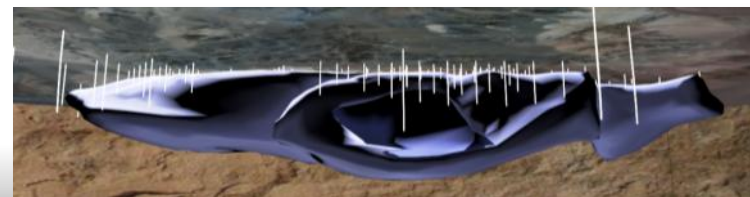
## WORK COMPLETED IN 2011

- Drilling in 2011 identified higher-grade Mo-Cu zones at depth
- Significant copper discovery at the Khuvyn Khar copper prospect
- Advancing towards Pre-Feasibility



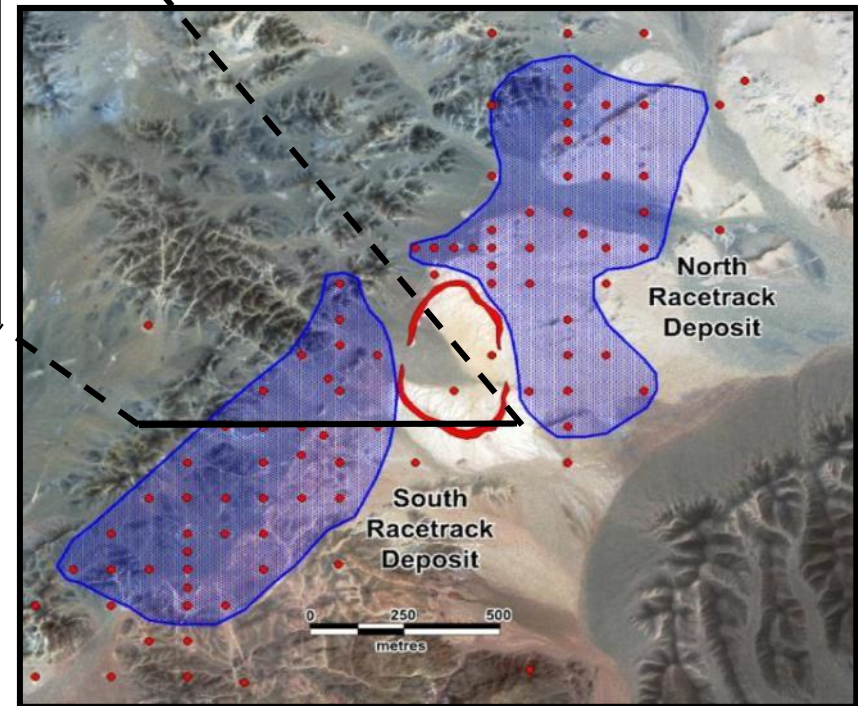
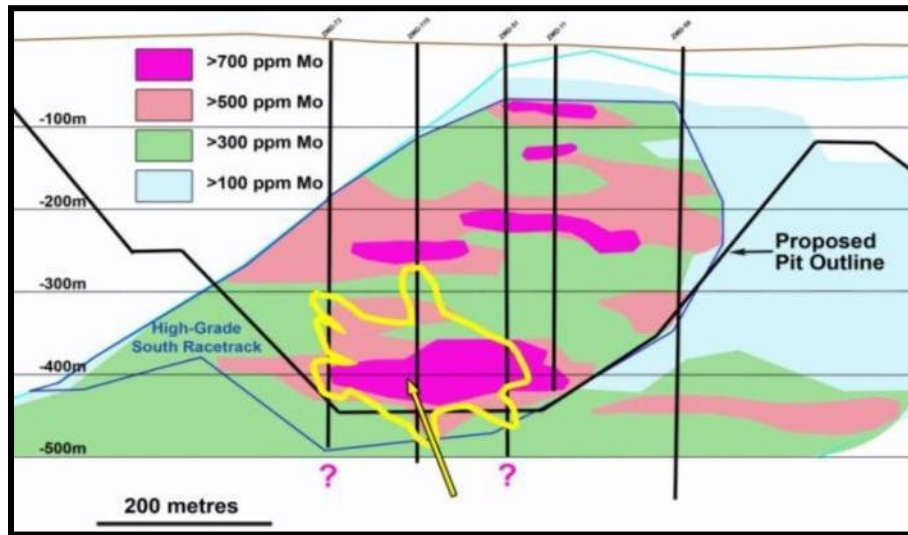
## Resources – Zuun Mod Project

	Tonnage	Grade		Contained Metal	
	<i>Mt</i>	% Mo	% Cu	<i>M lb Mo</i>	<i>M lb Cu</i>
<b>M &amp; I</b>	218	0.057	0.069	273.5	330.7
<b>Inf</b>	168	0.052	0.065	191.8	240.5
<b>MI&amp;I</b>	386	0.055	0.067	<b>465</b>	<b>571</b>



# ZUUN MOD PROJECT

## HIGHLIGHTS FROM DEEPER DRILLING



### Drill Highlights from Deeper Drilling

Hole ID	Length (m)	Mo (%)	Cu (%)
ZMD-51 Ext	432	0.061	0.072
<i>Including</i>	118	0.106	0.098
ZMD-115	300	0.071	0.110
<i>Including</i>	66	0.108	0.129
ZMD-116	336	0.062	0.071
<i>Including</i>	78	0.102	0.100

**Deeper drilling discovered a higher grade Mo-Cu zone, providing significant potential for further mineral resource expansion**

# ZUUN MOD PROJECT COMMENT



- The Zuun Mod Project in Mongolia, based on its location relative to the China market, its proximity to infrastructure, its very large resource, and its potential for further exploration success, represents an exceptional development opportunity when markets rebound.
- Although Moly prices have dipped to the \$12/lb range this year, it is likely that production costs at \$12/lb should provide an effective floor price going forward for the large Chinese molybdenum-only mining industry.

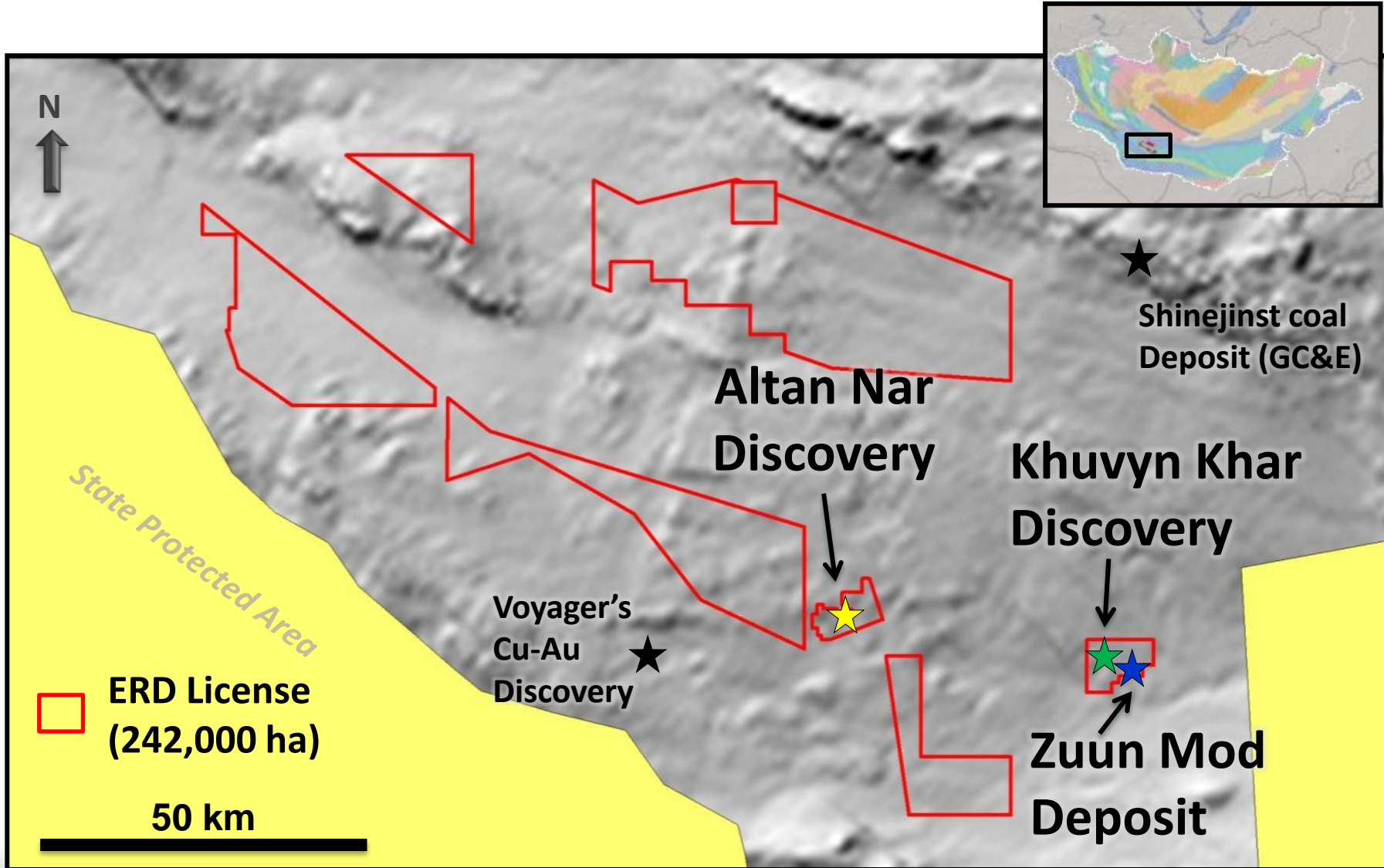
- Gold demand has been driven by the flight from weak currencies and uncertainty. However, more recently physical demand out of Asia is providing additional support to the price of gold.
  - Hong Kong gold sales into mainland China increased 13-fold over February 2011
- Recent IMF data also shows that at least 12 countries increased their physical gold reserves by 58 tonnes in the month of March, with Mexico, Turkey, Russia and Kazakhstan making sizeable purchases.
- Central banks bought 439 tonnes of gold in 2011, and if the pace of recent central bank purchases continues, it will equate to another 256 tonnes of net new change in the physical gold market.

# ALTAN NAR HIGHLIGHTS



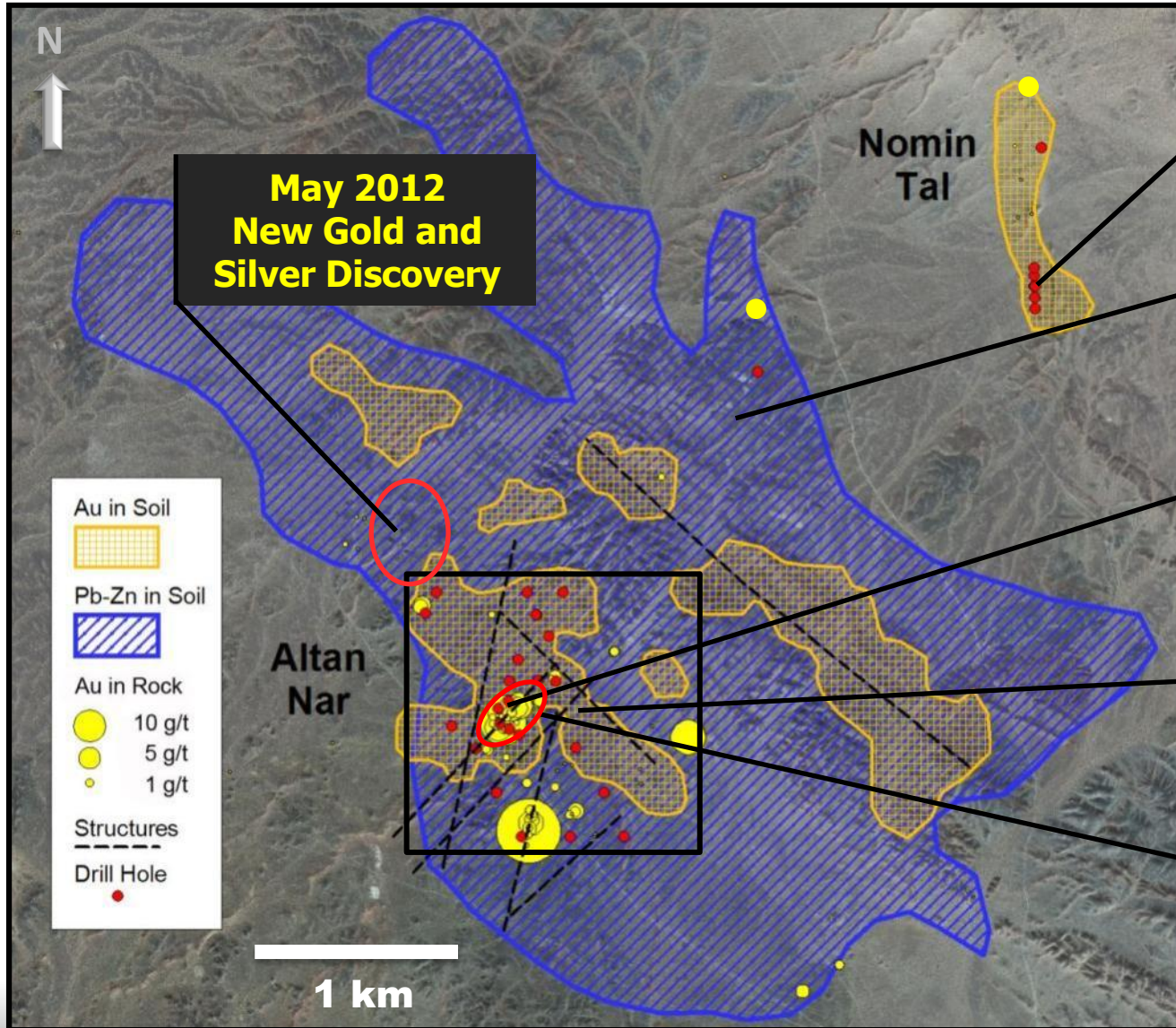
- New epithermal gold discovery made in 2011.
- Total of 33 shallow drillholes completed to date.
- Drilling has identified a very large mineralized gold-silver system over an area of 3 km by 2 km.
- Discovery Zone has confirmed lateral and vertical continuity of mineralized zones;
  - TND-19: 29 meters of 4.3 g/t Au and 24 g/t Ag
- High grade gold mineralized zones intersected at depth at north end of Discovery Zone with 4 metres of 10.5 g/t gold and 56 g/t silver.
- Mineralization is open at depth and along strike.
- New gold-silver mineralized zone discovered 1km northwest of DZ.

# ALTAN NAR REGIONAL LOCATION



# ALTAN NAR

## SURFACE MINERALIZATION WITH DRILLHOLES



### Exploration Highlights

**June 2011**

Initial drilling

**Sept 2011**

Geochemical survey defines major gold and base metal anomaly

**Oct 2011**

Drilling confirms significant gold-polymetallic discovery

**Nov-Dec 2011**

Shallow 20 drill hole program completed

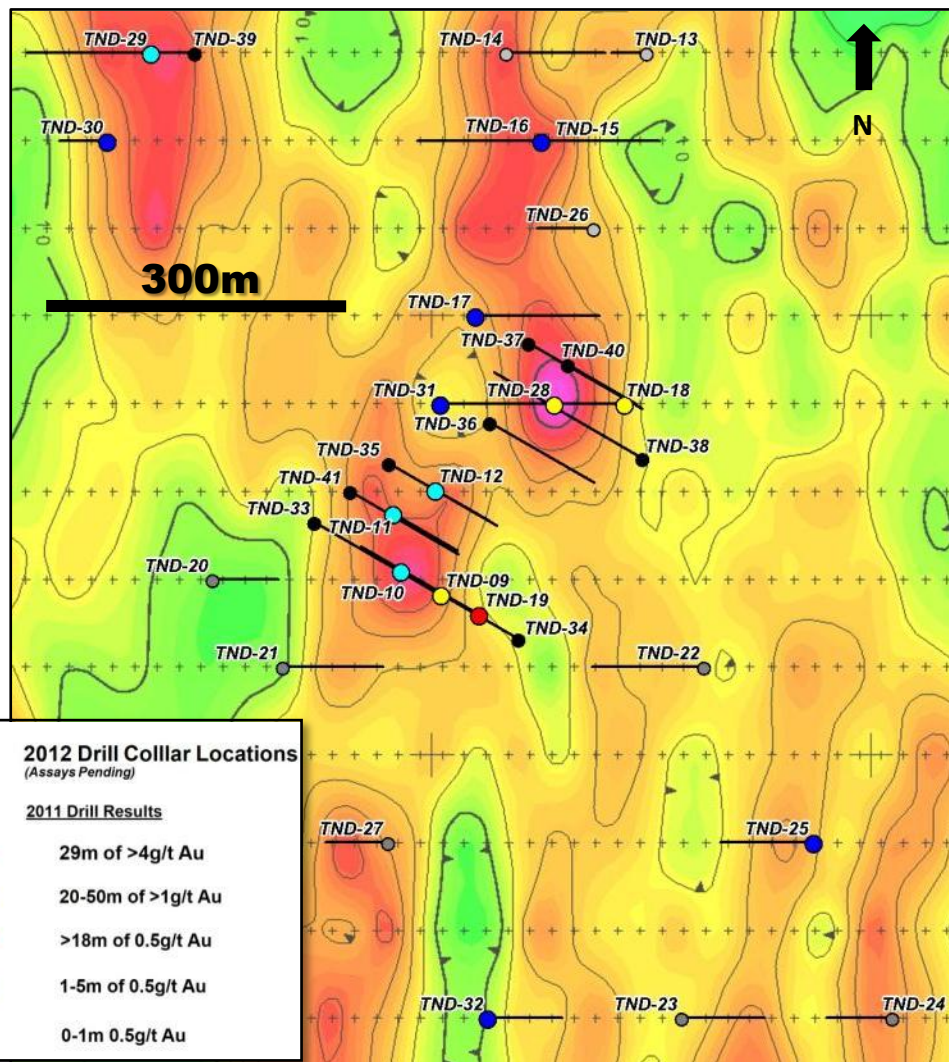
**April 2012**

2,029m drill program completed.  
`DZ` Gold Zone Extended



# ALTAN NAR

## 2011-2012 DRILLING HIGHLIGHTS

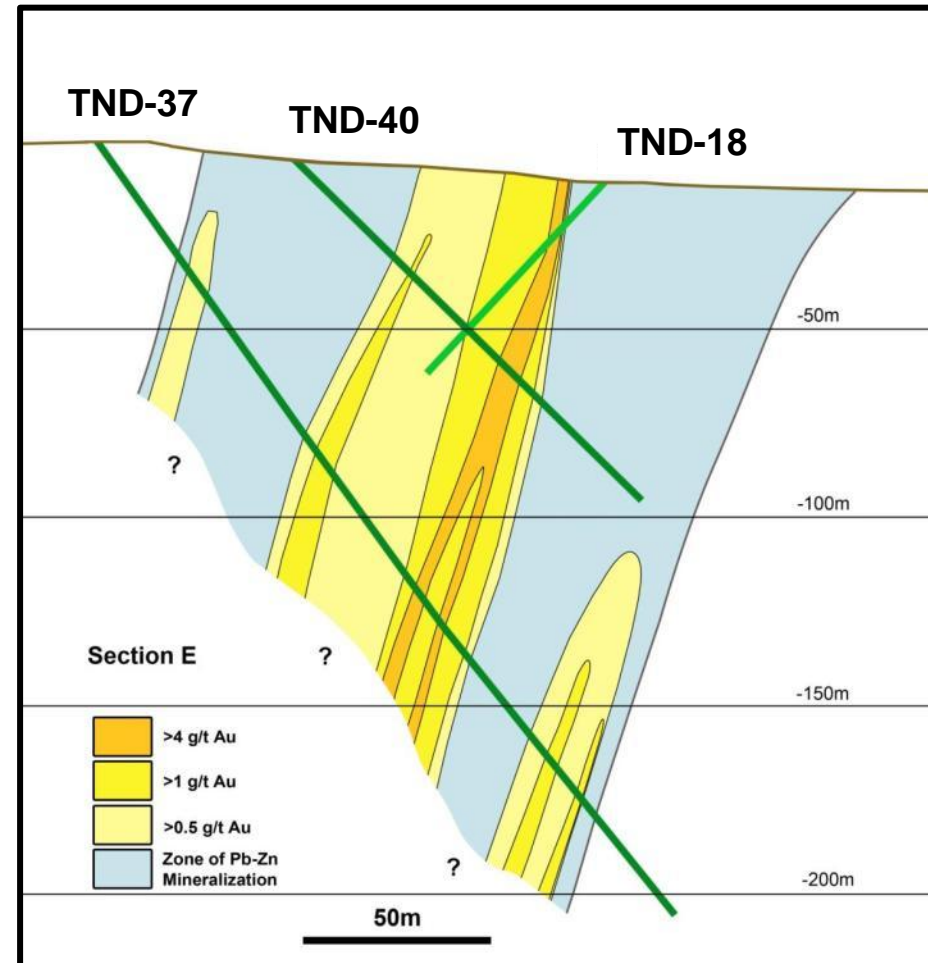
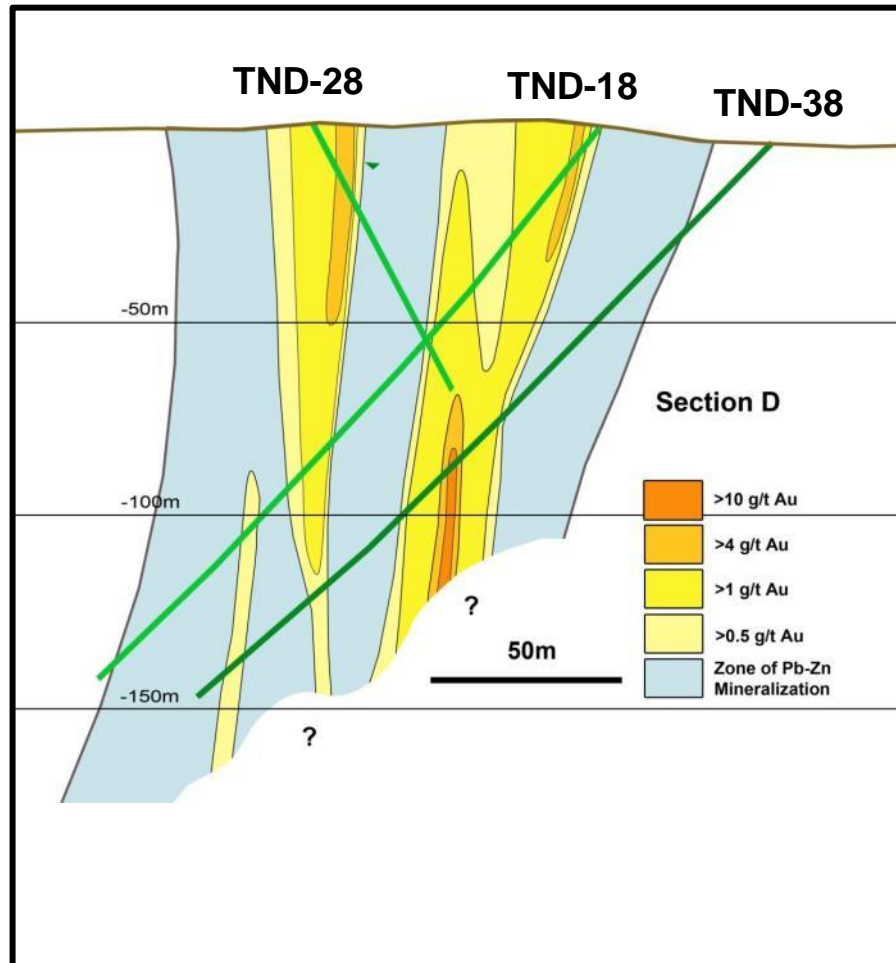


Chargeability

Hole #	Width (m)	Au (g/t)	Au Eq. (g/t)
TND-09	55	1.02	1.50
incl	23	2.07	2.79
TND-18	125	0.35	0.68
incl	23	0.99	1.79
incl	3	4.53	5.20
TND-19	29	4.29	4.91
incl	11	9.06	9.80
incl	3	16.1	16.72
TND-28	21	1.20	1.63
incl	4	5.15	6.58
and	12	1.16	1.48
TND-29	4	1.03	2.34
TND-35	16	1.01	2.11
TND-36	6	1.49	1.63
TND-37	74	0.61	1.02
incl	29	1.05	1.59
TND-38	34	1.59	2.02
incl	14	3.44	4.27
incl	4	10.53	12.02
TND-40	27	1.78	2.38
incl	8	4.49	5.79
TND-41	12	1.24	1.87

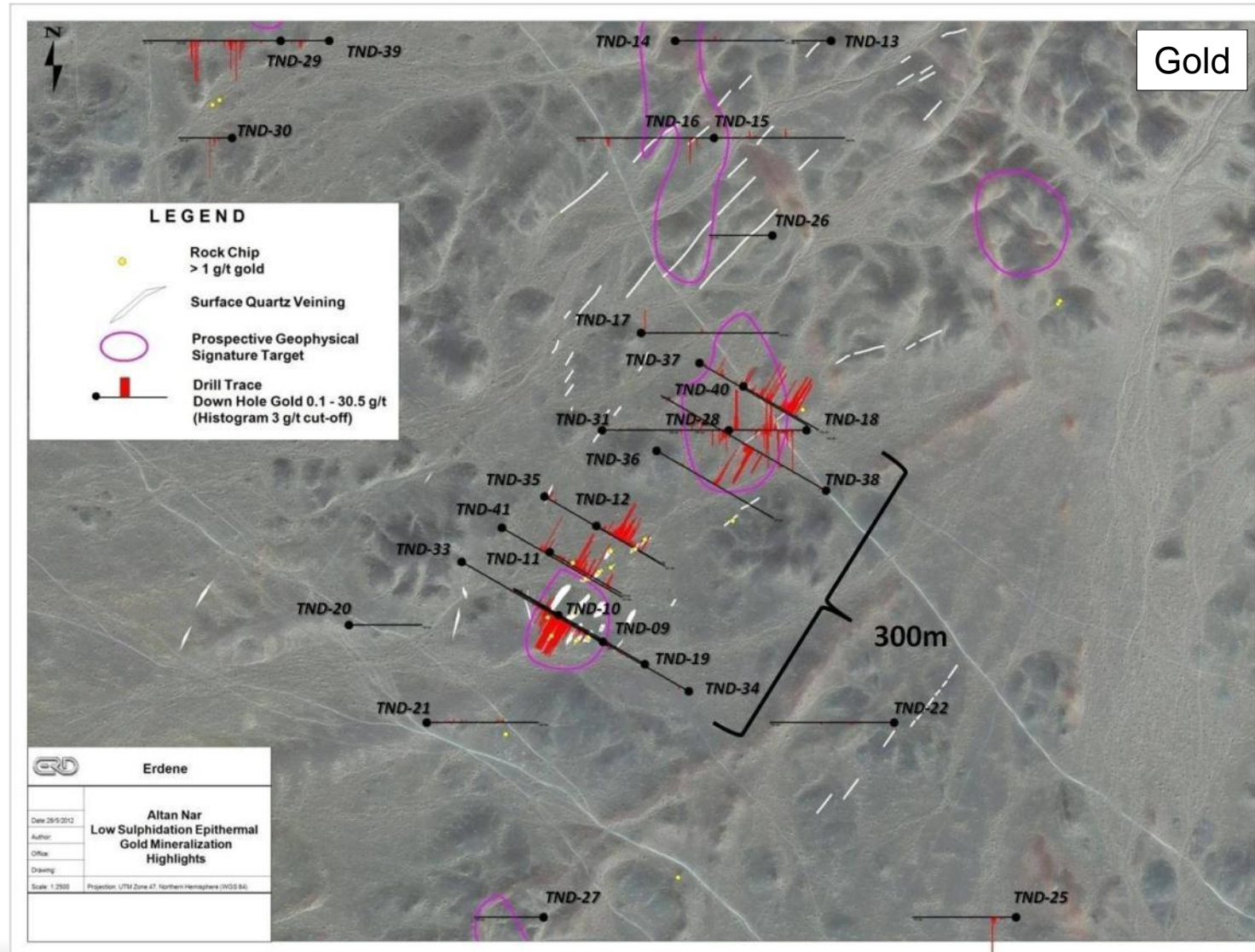
Gold Equivalent is provided to give clarity to the potential metal value in this polymetallic mineralized system. The potential recoverable value will be proven only when metallurgical studies are complete. The Au Eq. was calculated using US\$1200 Au oz, \$20 Ag oz, 0.68 per lb for both Pb and Zn

# ALTAN NAR CROSS-SECTIONS



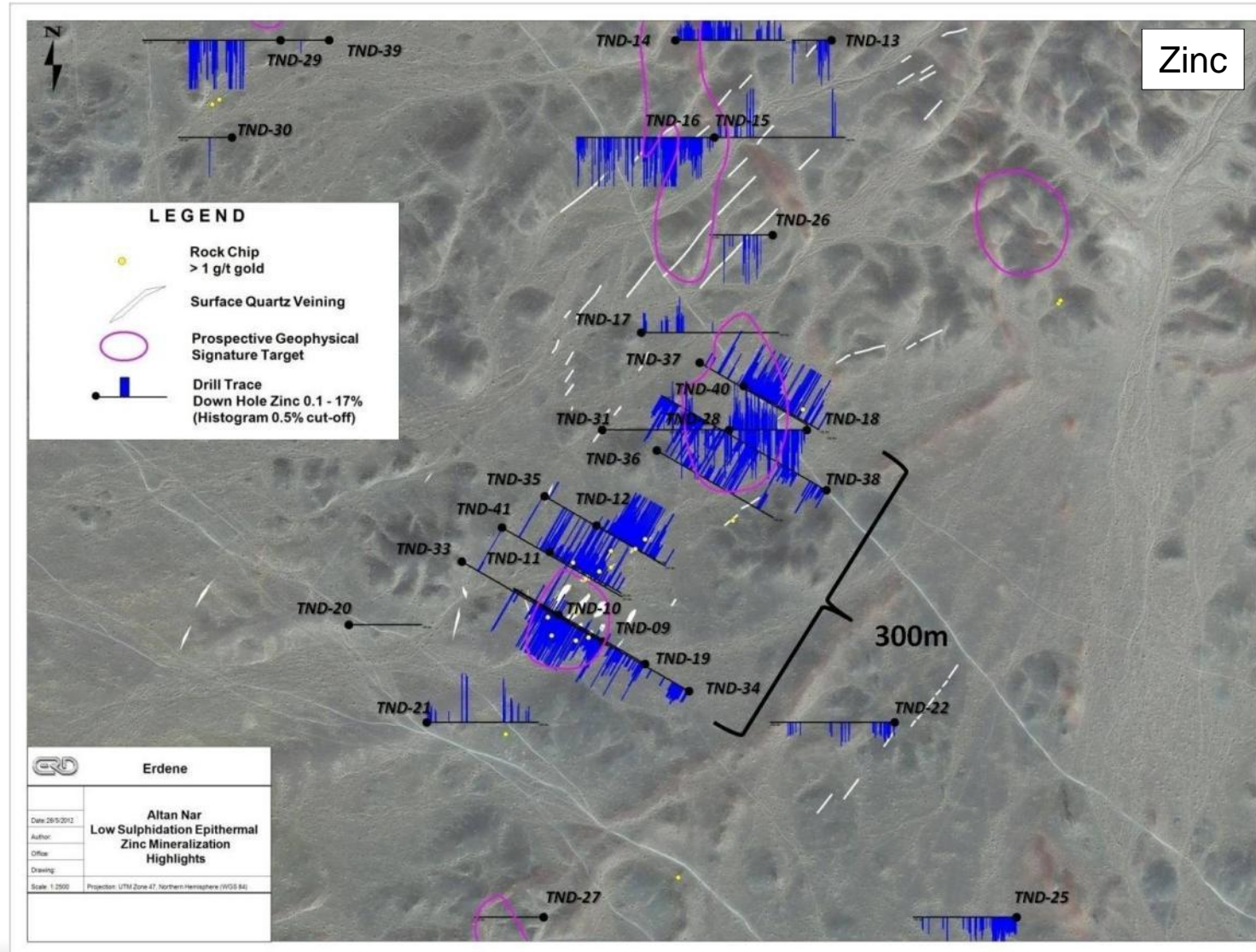
# ALTAN NAR – DISCOVERY ZONE

## GOLD MINERALIZATION IN DRILLHOLE



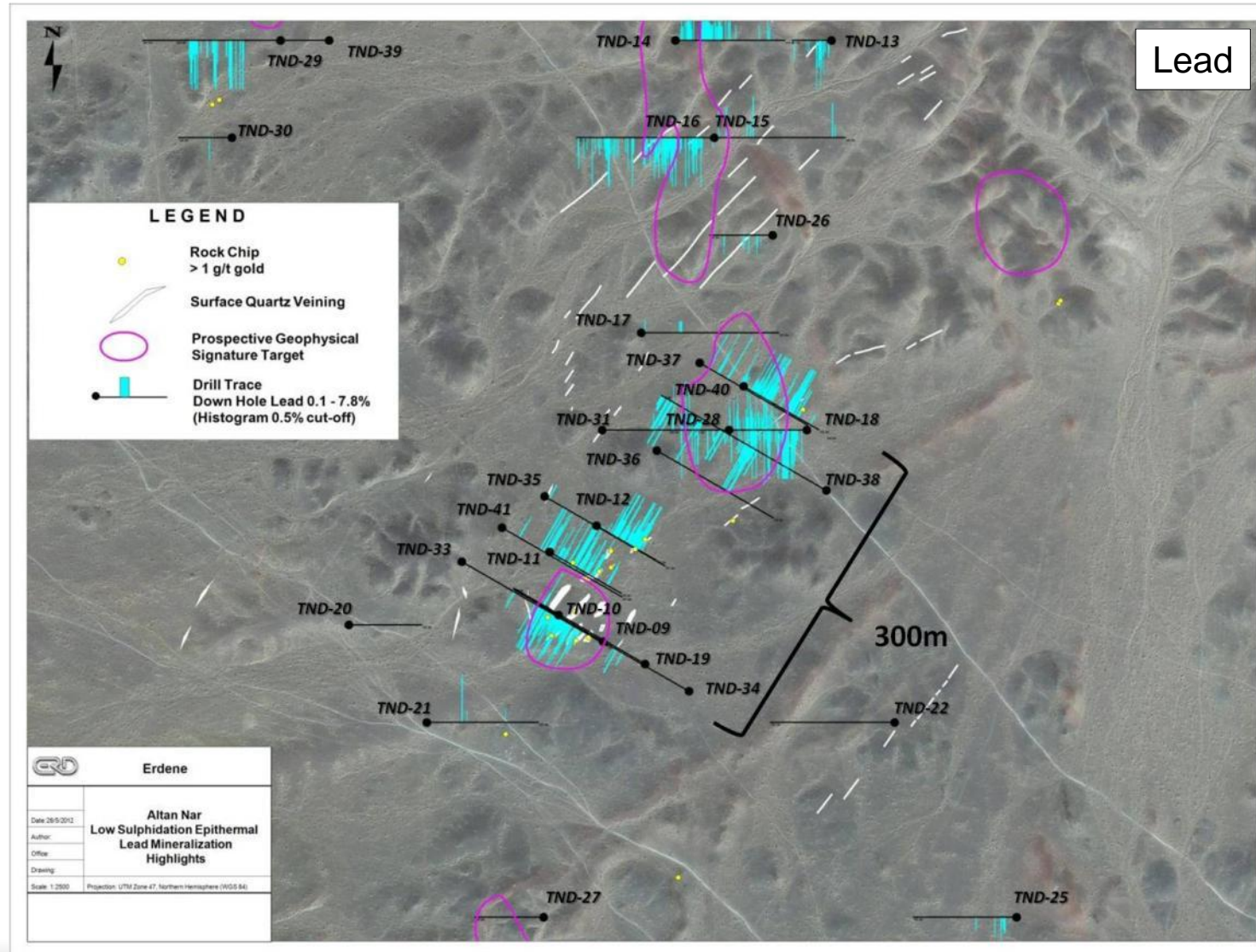
# ALTAN NAR – DISCOVERY ZONE

## ZINC MINERALIZATION IN DRILLHOLE



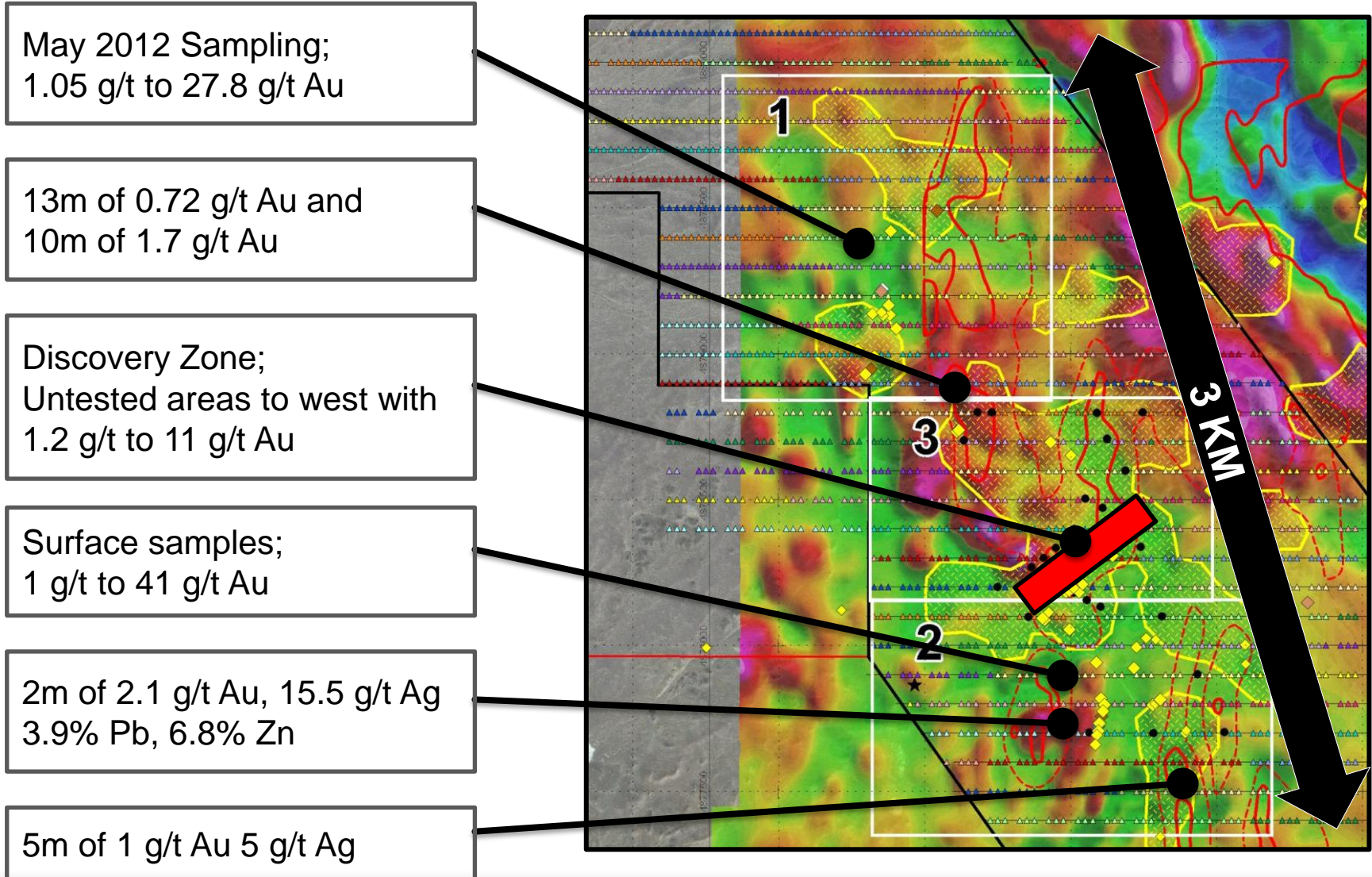
# ALTAN NAR – DISCOVERY ZONE

## LEAD MINERALIZATION IN DRILLHOLE



# ALTAN NAR

## PRIORITY AREAS SHOWING RTP MAGNETICS







- **2Q-2012:**

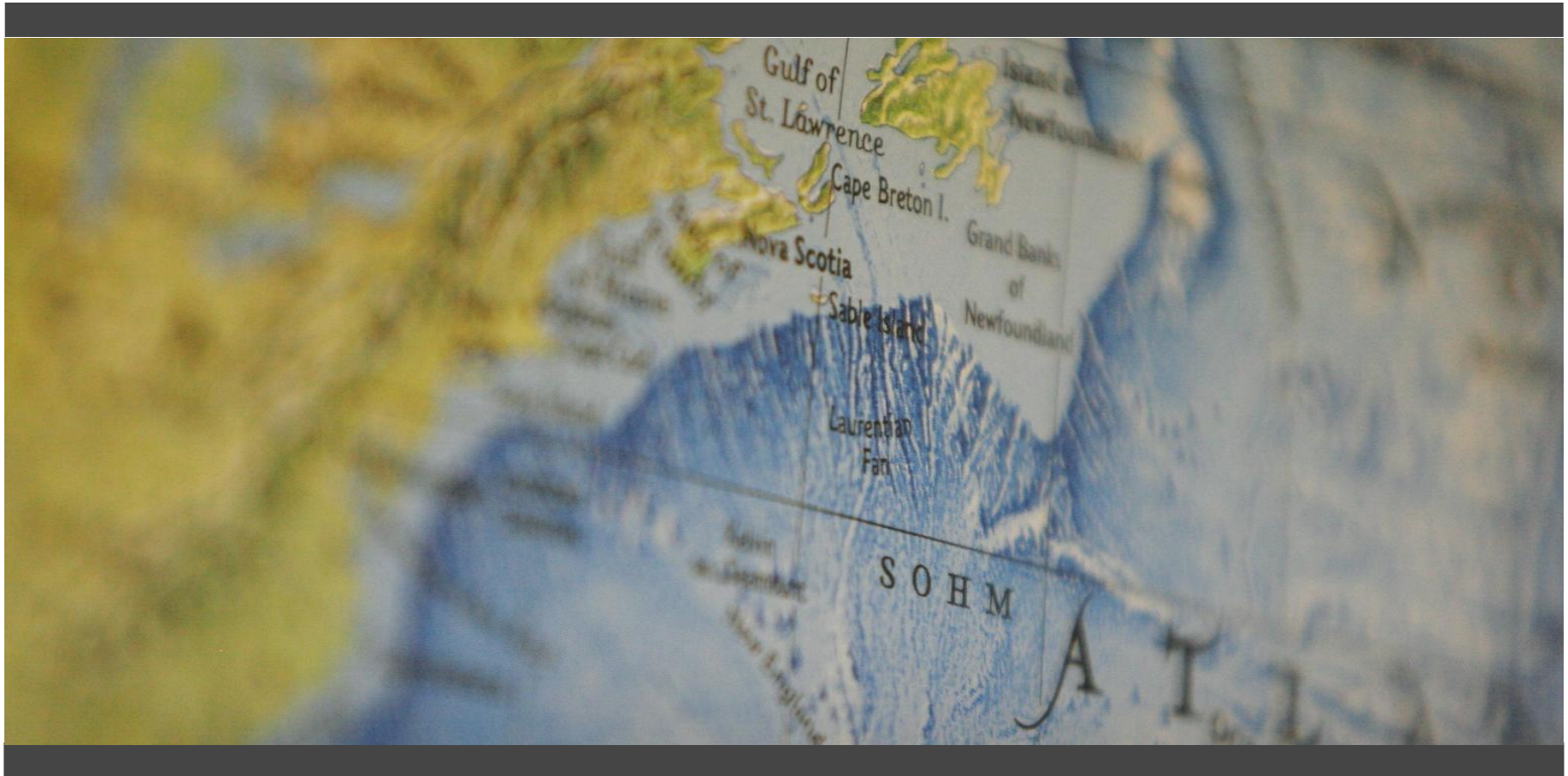
- 2,029 m (9 holes) Drill Program (completed)
- Ore Mineralogical Characterization Study (completed)
- Detailed Geochemical Soil Survey (completed)
- Expanded Geophysical Survey underway (Gradient Array IP + Magnetics)

- **3Q-2012:**

- Soil Geochemical and Geophysical Results
- Interpretation and Drill Targeting
- Metallurgical Study
- Commence Drilling



# CORPORATE OVERVIEW





- The need to separate Mongolia from Donkin is perhaps more pronounced now than it was 12 months ago;
  - Separation avoids unnecessary dilution of both assets
  - Ability to advance a significant new gold discovery will depend on access to capital
  - It is anticipated that Donkin will not require any significant financing until 2014
  - The separation will provide the Company Executive with more flexibility in regards to the structure of future partnerships
  - Feedback from investors suggests difficulty in valuing the Company in its present form and a separation will allow clarity over their investment preference
  - Restructuring provides for the creation of more focussed Boards and Executive with skill sets more directed towards the respective entities
  - A restructuring requires approximately 3 months to complete and ideally would be in place prior to the completion of the Donkin sales process and the 2012 field season results which will provided data to support the next phase of drilling
  - The ideal process, which continues to be investigated, will be one that results in minimum dilution and cost

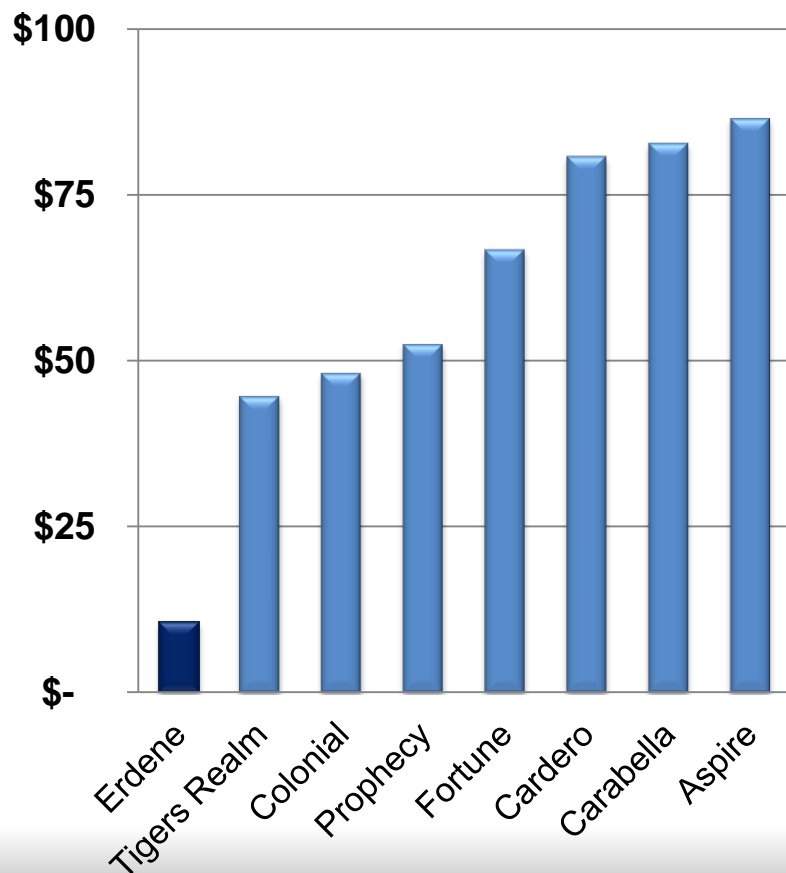
# MARKET CAP PEER COMPARISON

JUNE 26<sup>TH</sup>

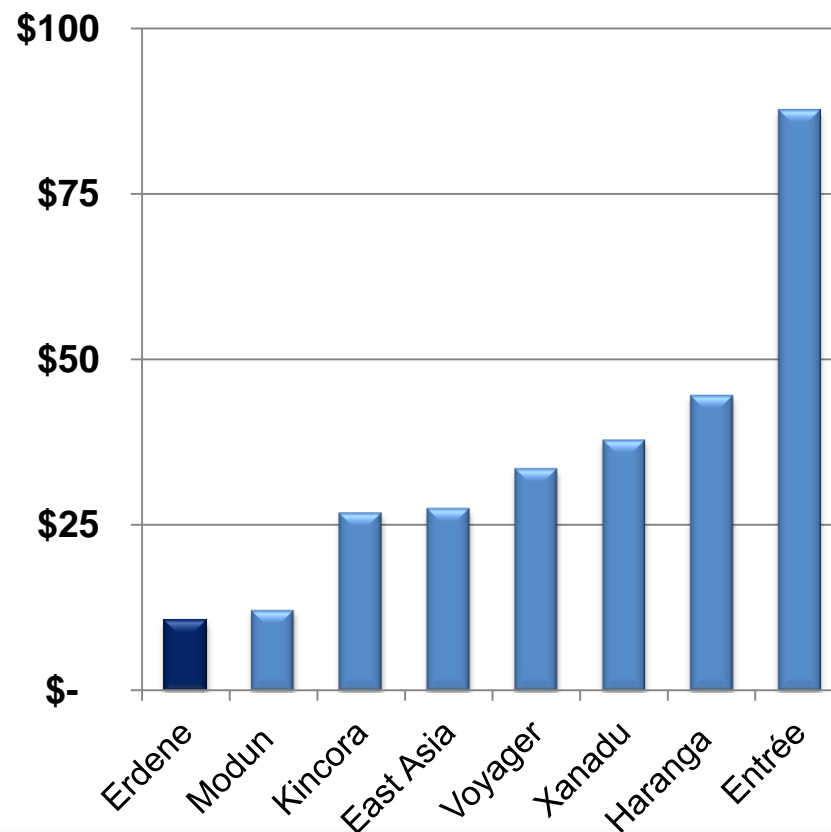


*Assumes equal market cap split, valued against pre-production coal companies and Mongolian exploration metals companies*

## Coal Co. (International)



## Metals Co. (Mongolian)



# TSX-V PRICE HISTORY SINCE 2000



- Significant momentum swings 16 times (constant momentum for > 3mths) averaging + 103% and -35%; we are currently around -50% and the 2008 crash was -80%. These periods lasted for up to 24 months with the current period now approaching an 18 month downturn.

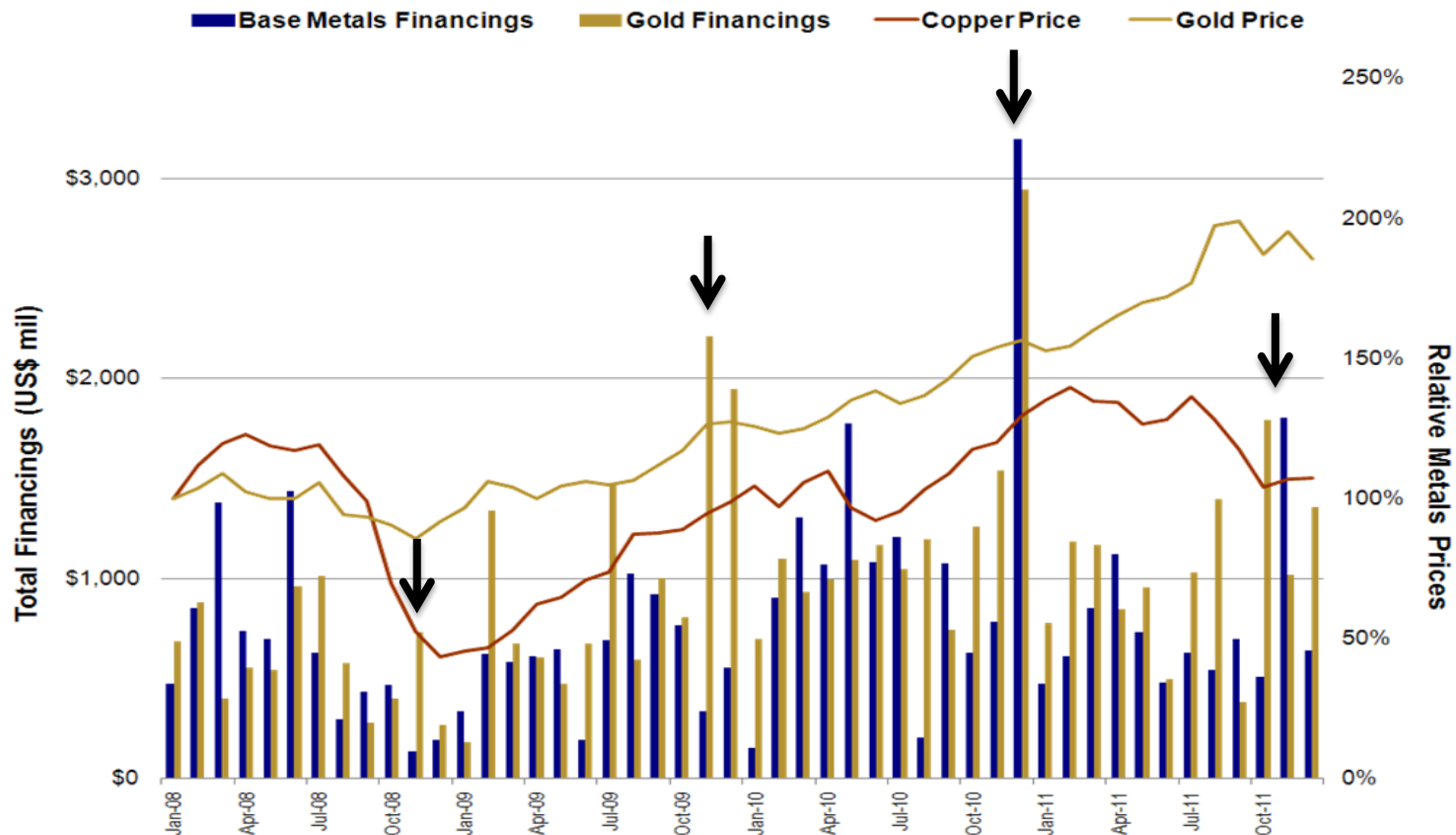


# INDUSTRY FINANCING

## 2008 TO 2011

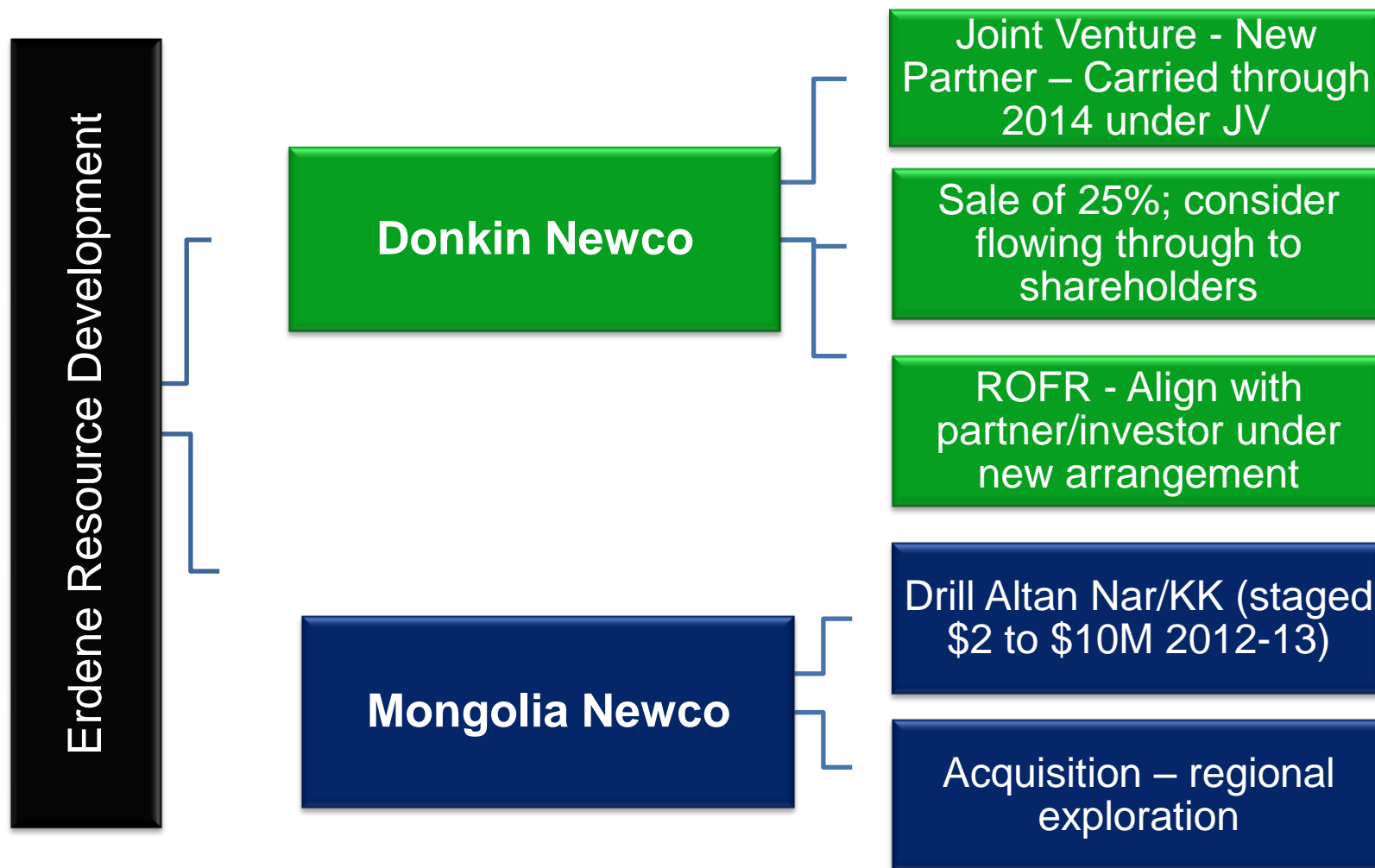


- Late 3<sup>rd</sup> and early 4<sup>th</sup> quarter of each year is the optimum time for financing.



# RESTRUCTURING

ACCESS FUTURE CAPITAL WITH MINIMUM DILUTION



# 2012 SHORT-TERM GOALS



- **June/July**
  - Complete necessary financial transactions to build stronger cash position
  - \$4.5M cash by mid-July
  - Continue in a cash preservation mode
- **July to October**
  - Prepare for Company separation through a butterfly split, or RTO
- **June - August**
  - Continue discussions with various parties that could enter a Donkin partnership
  - Evaluate potential strategic partners/investors for future transactions
  - Complete necessary surface exploration, compilation, and metallurgic work in Mongolia to present case for drilling in late third and fourth quarter
  - Finalize plans for Company's 60% interest in APM
- **September to December**
  - Drilling Altan Nar, follow-up work Khuvyn Khar
  - Maintain leading role in Donkin transaction
  - Launch Donkin Project with new partner

# LONG TERM GOALS



- Late 2012-2013: Secure staged financing for a Mongolian acquisition, exploration and development program
- 2013-2014: Advance Donkin mine to underground development
- 2014: Secure financing for the Donkin development project
- Advance a Mongolian metals project to production and or Sale: Altan Nar, Khuvyn Khar, Zuun Mod
- Participate in significant Donkin cashflow increasing annually from 2015



# SUMMARY



- The Donkin Project is going through a transformational period that we believe puts it on a stronger path toward production with little financial pressure on our Company until 2014
- We have built one of the most capable and experienced exploration teams in Mongolia with a strong package of projects including one of the most exciting new gold discoveries in the Country and believe advancing those will create shareholder value
- A separation of these core assets remains the goal of the Company
- In the current environment our Company will be taking all necessary steps to control and reduce spending while balancing this with the avoidance of value destruction





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