

SALINAS GOLD MINERAÇÃO LTDA – EXECUTIVE SUMMARY

General

Salinas Gold Mineração Ltda (SGM) is a private gold mining company owned by ABX S.A. a Company owned by ABX Ltd, a group of private investors based in London, England. SGM was established in 2006 after the purchase of Morrinho Mineração Ltda, a small mining company with gold properties in the region of Poconé, Mato Grosso, Brazil. ABX and SGM have been recently acquired (November 2012) by ABC Resources, a Canadian company owned by a group of American investors

The Salinas Gold Project is located on the Salinas Farm on the east bank of the Bento Gomes River about 30 kilometres by sealed and well maintained laterite dirt-road east northeast of the old gold mining town of Poconé. Poconé (30,000 inhabitants) is the northern gateway to the Pantanal the famous wetland nature reserve which attracts visitors from all over the world. Poconé is at 100 kms away from Cuiabá the capital of Mato Grosso State. Between Cuiabá and Pocone numerous gold garimpos have been worked during the last 230 years along the historic Cuiabá Gold Belt.

Electric power is available at the Salinas Project in 13.8 KV (1.1 MWh is available at the property) after the site was connected with the local grid through a 22 kms transmission line which resulted in substantial savings in power costs at the mine. There is an ample supply of water for mineral processing and a good local supply of unskilled labor.

An extensive exploration & development work was developed at Salinas up to recently. This work included geological and metallurgical research, gravity plant capacity improvement, mine development and infrastructure works (power transmission line construction, tailings and water dams, road improvement, bridges, buildings and support installations, etc). More than US\$ 30 million have been spent at the property.

The property is a current producing gold mine. Its production during 2010 was almost 10,000 gold ounces.

Mining & Environmental Licensing

The Salinas Property is fully licensed through a mining license issued by Brazil's National Department of Mineral Production (DNPM) on May 2000. The existing permit DNPM 866.005/89 allows mining activities in an area of almost 3,000 hectares. The mining operations are licensed by the Mato Grosso State Environmental Agency (SEMA) under Operations Licence LO No: 1393/2006. A new Environmental License which allows cyanidation (CIP) for a new gold process plant with capacity up to 5,000 TPD, was awarded to SGM in December 2008.

Titles & Land Property

On October 2006, ABX Brasil S.A. purchased the property from local entrepreneurs based in Mato Grosso, for US\$15.3 million. The Purchase Agreement also included the purchase of two areas of land within the **mining licence with 271 hectares and 453 hectares respectively.**

Geology

Gold has been mined in the region since 1776. Regional NE oriented thrust faults are the most conspicuous structures in the area and define extensive shear zones where intense hydrothermal alteration and quartz veining host important gold deposits. Several gold workings along the three 100 kms long regional trends between Cuiabá and Poconé have been producing gold since the colonial times. Nowadays, about 40 small mining operations are active along the Cuiabá Gold Belt

Local rocks are detritic metasediments of the Cuiabá Group and are represented by metasandstones, metargilites, metasiltsstones, metarkoses, metaconglomerates and carbonaceous and carbonatic metasediments. These rocks host abundant conformable and unconformable quartz veins, flat and upright, N-NE striking which, in some cases, run over 500 meters length or more. The conformable veins or travessões are usually dipping at around 30 degrees while “travessões” are vertical and the unconformable quartz veins (filões) are usually vertical and transversally cut the “costelões”(ribs) and travessões which present wide and robust structures suggesting a mega stockwork system. Mineralized quartz veining are seen everywhere and visible gold is not uncommon. Gold grade improves in depth perhaps due to weathering and enrichment at the lower levels.

Salinas Gold Ltda (SGM) heavily invested in the exploration of its properties that covers 3,000 hectares of fully licensed mining rights. Bulk sampling and more than 15,000 meters of trenching, geological mapping, channel sampling and chemical assaying have been already carried out. More than 12,000 meters of diamond drilling were drilled at Salinas and have confirmed the gold mineralization system continuity down deep. Current results obtained through bulk sampling have confirmed the gold potential of the property which is larger than 1 million ounces.

Metallurgy

Metallurgical testing was carried out at CETEM-Mineral Technological Center from Rio de Janeiro and results have shown that gravimetric methods followed by flotation of the gold fines can recover 75% of the contained gold. In-house metallurgical testing has proven that gravity process followed by flotation and cyanide leaching (CIP) of the flotation concentrates is the most efficient metallurgical route to obtain more than 90% recovery.

Gold in the ore is very fine and around 60% of the contained gold is below 150# and 43% is below 200#. Thus, the very fine gold is not currently recovered at the gravity plant and it is being lost at the tailings which have stored along the property area.

Production

SGM produced almost 10,000 gold ounces in 2010, from a small gravimetric plant composed by hammer mills, ball mills, cyclones and centrifugal concentrators. Gravity concentrates are amalgamated. Gravity plant has a capacity of 1,200 TPD and its overall metallurgical recovery is around 30-35 % only. Average head grade is higher than 1 g/t.

Mineral Resources

The geological work carried out by the company during 2007 and 2010 was not sufficient to determine formal mineral resources since more capital was needed. The company hired specialists from SRK Consultants from Perth, Australia, to prepare and design an evaluation program which encompassed trenching, bulk sampling and diamond drilling. The objective was to evaluate at least 600,000 gold ounces. SRK consultants are specialists in resources evaluation in coarse/fine gold deposits. The potential mineral resources at Salinas have been determined to be higher than 1 million ounces at the 7 targets that have been identified at Salinas (Cumbaru, Angico-Sucupira, Bocaiuva, Imbauba, Confusão, Represa and Urtiga). More detailed geological work was carried out at Cumbaru and Sucupira Targets only (this last target currently in production).

Current resources estimated at Cumbaru, Sucupira and Bocaiuva targets through “in house” evaluations are 615,000 ounces at the Indicated-Inferred Resources categories. These resources were estimated through bulk sampling, trenching, diamond drilling and production data.

Additional resources at the Salinas property and within the mining titles are constituted by tailings from previous operators. A total of 20 million tons of tailings with an average gold grade of 0.44 g/t are available at the property and are amenable for cyanidation. This means additional resources of around 300,000 ounces.

Additionally, at least 120 million tons of tailings with a probable grade of 0.5 g/t Au plus are stockpiled along the 100 kms of the Cuiaba Gold Belt.

Current Plans

SGM plans to become a mid tier gold producer at a production level of 50,000 ounces per year in the next 3-4 years. With this purpose, SGM is seeking for strategic alliances with interested bodies so as to take advantages of the increased metal price as well of its excellent position in one of the most attractive and prospective Brazilian locations.

The plan encompasses the formal mineral resources evaluation at a cost of around US\$ 6 million and construction of a gravity/flotation/cyanidation plant (Carbon in Pulp-CIP) with a capacity of 2,500 TPD. Plant feed would also consider the current tailings that

have been sampled at the property and have a grade of 0.44 g/t and the ore that is being currently mined with a head grade of 1 g/t. Flotation & Cyanidation Plant CAPEX is forecasted to be US\$ 8 million.

Immediate plans forecasts production of 25,000 gold ounces/year at a cash cost of around US\$ 500 /ounce for current ore production and US\$ 250/ounce for the tailings which will be explored at the initial stage of the project.

SUMMARY OF THE SALINAS GOLD MINE CURRENT STATUS

MINE OPERATION: Current mine owners (ABC Resources) have been running this plant/mine up to February this year. They have used gravity processing only which is not recovering more than 30-35%. They have reached breakeven since the gold fines have not been recovered. Since they did not get the funds to complete the new flotation & cyanidation plant they had decided that it is best to lease the plant to a local group that showed interest in it. This group is currently producing around 10 kgs/gold month. They have a royalty of 10% (NSR). The company who has been leasing the mine is operating under 60 day notice to stop its operations.

TAILING RESOURCES: 300,000 ounces in tailings

The mine has over 20 million tons of tailings at the property. The gold grade was checked in 3 out of 9 tailings dams at the property using used Auger drilling. The average grade of these 3 dams was 0.44 g/t. The current assumption is that all tailings have about the same grade. Therefore, the estimated resources from the tailings is 300,000 ounces.

CLAIM RESOURCES: Minimum 320,000 ounces and maximum 1,600,000 ounces on 60% of the mining claim (Non NI 43-101 compliant).

SRK (Australian Consultancy Company) made an evaluation of the mineral potential of the property and arrived to a minimum of 320,000 ounces and a maximum of 1.6 million ounces in 60% of the surface covered with a Mining Title. Although an extensive drilling program was used, the Salinas mineral resources are not compliant with NI 43-101 nor JORC protocols.

Size of fully Licensed (Mining permitted area) are: 3000 hectares

Size of surface rights within the above: 724 hectares

Environmental License: Fully permitted for cyanidation purposes up to 5,000 tons per day. Environmental License has been successfully renewed every 3 years.

**ASKING PRICE \$10,000,000 (+ \$ 6,000,000 INVESTMENT)
ALL NEGOTIABLE!**