

*Altangadas Mining Group Berhad*

# **MINERAL POTENTIAL OF THE ALTAN GADAS GOLD PROJECT, GOBI-ALTAI, WESTERN MONGOLIA.**



**COMPETENT PERSON REPORT  
28 FEBUARY 2023**



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Western Mongolia.**

**Prepared for:**

Altangadas Mining Group Berhad.  
A-7-1-1, Block A, Jalan 1/125E,  
Megan Salak Park,  
Desa Petaling,  
57100 Kuala Lumpur  
Email: robin@altangadasgold.com

**Prepared by:**

Tropicrop Management Services Sdn. Bhd.  
Unit A 28-05, Tower A, Glomac Damansara  
Jalan Damansara, 60 000 Kuala Lumpur.  
Email: greenace168@yahoo.com

**Competent Person**

Dr Lim Teong Hua

**PGeol** (*Registered Professional Geologist, Malaysia*)

**MIMMM** (*Professional Member of Material, Minerals and Mining, U. K.*)

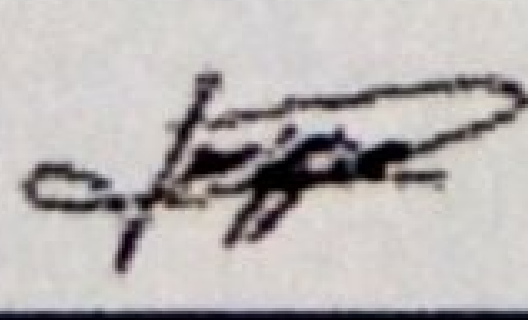
**MIGM** (*Member of Institute of Geologist, Malaysia*)

**Objective:**

To opine on the potential of the Altan Gadas Gold Project with intent for acquisition by a Malaysia PLC (Public Listed Company).



## Reserve and Resource Reporting Statement of Qualification and Competence

<b>Name:</b>	Lim Teong Hua, Dr
<b>Position:</b>	Consultant Geologist & Project Consultant
<b>Company:</b>	Tropicrop Management Services Sdn. Bhd.
<b>Country:</b>	Malaysia
<b>Qualifications:</b>	<p>B.Sc. (Hons) in Applied Geology, Universiti Malaya.          PhD In Project Management, Warnborough University (Oxford, U.K.)          MIMMM - Member of IOM3          PGeol-Board of Geologists Malaysia (Lembaga Ahli Geologi Malaysia)          MIGM - Member of the Institute of Geologists, Malaysia</p>
<b>Experience:</b>	<p>Exactly 50 years experience in the mining and quarry industry pertaining to geological assessment, reserve and resource evaluation, project valuation, mine planning, pit optimization, project start-up and commissioning, and preparation of Bankable Documents. Experience pertains to tin, kaolinite, iron ore, manganese, limestone, precious and heavy metals in both placer (including off-shore) and hard rock deposits in Malaysia, Thailand and elsewhere.</p> <p>Acted as the Project Manager for exploration of the Mengapur base-precious polymetallic ore deposits from 1984 to 1992 at which year he resign to start a new career as a consultant.</p>
<b>Competent Person:</b>	YES
<b>Statement:</b>	<p>I have read and understood the requirements of the JORC Standard for Reporting of Exploration Results, Mineral Resources and Mineral Reserves and has applied the standards to the current project.</p> <p>I am a Competent Person as defined by the JORC Standard, having more than the five years relevant experience required in relation to the type of deposit considered in any report or estimate prepared by me., and to the activity for which I am accepting responsibility.</p> <p>I am a registered professional with a Recognized Organization (IOM3) and with the required status for such reporting.</p> <p>I verify that any estimate or reserve and resource report provided by me is based on and fairly and accurately reflects in the form and context in which it appears, the relevant information available to me and such other matters that I have taken into consideration and documented.</p>
<b>Consent:</b>	I give my consent for the use by Altangadas Mining Group Bhd, including any public disclosure of any estimate of reserve and resource prepared by or reviewed and approved by me on behalf of another person.
<b>Signed:</b>	
<b>Date:</b>	28 December 2022



## EXECUTIVE SUMMARY

1. The Altangadas prospecting licence, issued on 28 December 2009 covering 14,718 ha, was originally held by Dourado LLC. In 2017, Realxoin Resources LLC acquired 100% of the project from Dourado. In 2021, Altangadas Mining Group Berhad (AMGB), a Malaysian entity entered into a joint venture agreement with Realxoin Resources on a net profit-sharing ratio of 65:35 in favour of AMGB. On 13 January 2022, the prospecting licence was successfully converted into mining license (MV-022094) for a period of 30 years over a reduced land size measuring 7,799.79 ha.
2. The Altangadas tenement is located about 890 km west of the national capital of Ulaanbaatar and about 30 km northeast of the city of Altai in western Mongolia. It is served by road, mostly tarred except for some stretches across the mountainous sections and on the final approach into the project site.
3. The Altangadas project is located at the northern foothills of the Khan Taishir Mountains. The landscape is undulating to mountainous. In the southwest sector of the tenement, the land stands at elevations ranging from RL 1,970 m to RL 2,090 m. At the Northern and Eastern sectors, the elevation is slightly lower at RL 1,860 m to RL 1,910 m.
4. The climatic factors of Western Mongolia are typically windy and cold from Spring to Autumn with average temperature in the range from -10°C to 6°C. The average winter temperature is -19°C to -27°C. Summer temperature in July could reach 40°C. Typically, the cold season stretches for seven months during which the average frost depth is 1.2 m. Annual precipitation is only 200 to 300 mm, including 80 mm from the snow falls in winter.
5. The Geologic settings of the Western Mongolia is very complex, with rocks dating back >600 million years (protozoic) age, and have undergone several phases of tectonic/fault movements. The prominent fault structure at the project site trends Northwest-Southeast. The complex geological history is one main reason why Mongolia is so rich in various mineral resources.
6. Altangadas project is located within a prospective gold-mineralized environment created by the conducive geological settings. Many exploration licences have been issued in the surrounding areas. Khan Altai, a gold venture located about 95 km southeast of Altai City (40km southeast of Altangadas Licence), has been developed into a viable mine with a reported gold resource of 41.58 tonnes. A CIL (carbon-in-leach) plant is being set up to process the gold ore.
7. A significant amount of exploration work has been carried out over the area including geological mapping, rock-chip sampling, diamond drilling and laboratory analyses. Four main targets have been identified, namely
  - a. Greisen Target
  - b. Placer Gold Target
  - c. Orogenic Gold Target
  - d. Coal Target

To date, only the Greisen Target and the Placer Gold Target have been investigated by drilling.



8. Recent drilling by Realxoin Resources, comprising 17 holes sunk over the Greisen Target confirms that the area is gold-mineralized. Unfortunately, the gold values obtained so far were low to marginal. It is opined that the gold mineralisation is deep-seated, and hence further work on this target is put on hold.
9. Extensive pitting amounting to 157 holes over the Placer Gold Target return several interesting gold values. Also, bulk sampling of the placer gold carried out by Realxoin Resources using a simple trommel and a sluice box recovered about 1 Kg of gold from treating about 2,500m<sup>3</sup> of ground. However, owing to the shallow nature of the alluvium, there is insufficient placer volume to constitute a viable commercial operation. The blocky nature of the sediments and gold grains recovered from the Placer Target suggests that the gold source is nearby. Since the placer valley drains the Orogenic Gold area, the latter's gold potential is implied.
10. Within the Orogenic Gold Target, numerous quartz veins, some with strike lengths of between 200 – 500 m, and some as vein-swarms, were documented. A few of these quartz veins were previously worked upon by artesian miners. Even though only limited sampling of the quartz veins was done, some encouraging gold values grading up to 0.8 g/t were recorded.
11. In late 2022, Realxoin Resources commissioned Geofile Engineering LLC to undertake a magnetic and pole-dipole electrical survey over the project site. Three magnetic anomalies were delineated, and they correlate well with the high chargeability and low resistivity anomalies derived from the pole-dipole electric survey. These magnetic anomalies are deemed to be created by underlying haematite/magnetite and other base-metal sulphide.
12. The Competent Person opines that two mineral targets are very encouraging and deserve immediate attention, namely
  - a. The magnetite anomalies: a large iron ore deposit is indicated.
  - b. The Orogenic Gold Target: possess good potential for gold mineralisation.
13. Owing to the lack of economically significant drilling and assay data, the consultant can only provide a Potential Mineralisation Report to cover both the gold and iron ore resources. At this juncture, a JORC Standard Competent Valuer Report cannot be prepared for the Altangadas project.
14. The potential for the iron ore resource within the Altangadas project is premised on the dimensions of the magnetic anomalies reported from the survey carried out by the Geofile Engineering. The total iron ore resource, after assuming various discount factors for associated base-metal sulphide, dilution and mineable selection issues, is estimated at 12.837 million tonnes, presented as below.

No.	Particulars	Dimensions (m)	Volume (Cu m)	Specific Gravity	Potential Tonnage
1.	Southwest anomaly	300x130x200	7,800,000	4.0	31,200,000
2.	Central anomaly	180x80x130	1,872,000	4.0	7,488,000
3.	Eastern anomaly	185x100x200	3,700,000	4.0	14,800,000
4.	Total Potential		13,372,000	4.0	53,488,000
5.	*Assume 60% is sulphide		8,023,200		32,092,000
6.	Balance 40% deemed as iron ore anomalies		5,348,800		21,395,200
7.	Discounted factors for recovery/ selection/ dilution				40%
8.	<b>Potential iron ore resource</b>				<b>12,837,000</b>



15. The potential gold resource estimated is based solely on the exhaustive research carried out by Mr O Chuluun, a state-certified consultant engineer/geologist as well as the Director of Geological Resource Department of Mongolia. Mr Chuluun identified a total of 5 gold mineral zones with total potential placed at 29.2 tonnes gold, as presented below

Gold Mineral Potential (Kg)						
Khangina	Khangina	Tsakhiurt	Tsoin Tolgoi	Jinger	Greisen	Total
15210	15,210	2,550	9,750	263	1,430	29,212

16. The metal worth and the anticipated direct operating margins for the iron ore and gold resources are summarised as follows:

No.	Mineral Resource	Estimated Resource Tonnes	Assumed Value per tonne		Total Worth RM	Assumed Direct Operating Margins	Anticipated Direct Operating Profit (RM)
			USD	RM			
1.	Iron Ore	12,837,000	80	344	4,451,969,000	20%	883,194,000
2.	Gold (based on Mr. O Chuluun's report)	29.2	55 million	236 million	6,891,200,000	30%	2,067,360,000
	TOTAL (Iron + Gold)				11,307,169,000		2,950,554,000

Total mineral worth is estimated at RM 11.307 billion, and the anticipated direct operating margins, assumed at 20/30%, is RM 2.951 billion. The mine life for this project is expected to exceed 20 years.

17. In summary, the Consultant opines that Altangadas project constitutes an excellent prospect, and has potential for developing into a viable mine. Hence, further investigation work is highly recommended. These work includes exploratory drilling of both the iron ore and the gold targets, drill-core sampling and assays, laboratory test-works, more detailed geological mapping and sampling.
18. The potential resources as described above can only be categorized as "Inferred Resources". Follow-up exploration effort is required to prove up the resources. Total exploration budget required for the follow-up work are estimated at USD 4.752 million or the equivalent of approximately RM 20.4 million.